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U.S. TRADE POLICY WITH CUBA

HEARING

BEFORE THE

SUBCOMMITTEE ON CONSUMER AFFAIRS, FOREIGN COMMERCE AND TOURISM

OF THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION UNITED STATES SENATE

ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

MAY 21, 2002

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U.S. TRADE POLICY WITH CUBA

TUESDAY, MAY 21, 2002

U.S. SENATE,
SUBCOMMITTEE ON CONSUMER AFFAIRS, FOREIGN COMMERCE AND TOURISM,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Subcommittee met, pursuant to notice, at 2:40 p.m. in room SR–253, Russell Senate Office Building, Hon. Byron L. Dorgan, Chairman of the Subcommittee, presiding.

OPENING STATEMENT OF HON. BYRON L. DORGAN, U.S. SENATOR FROM NORTH DAKOTA

Senator DORGAN. The hearing will come to order. We will be joined by a number of colleagues in a few moments. The Senate is just finishing a vote on the floor of the Senate.

This is the Subcommittee on Consumer Affairs and Foreign Commerce with the Commerce Committee. We are holding a hearing today, and we will have as our guests testifying today Mr. Otto Reich, the Assistant Secretary of State for Western Hemisphere Affairs, Ambassador Shaun Donnelly, Principle Deputy Assistant Secretary, Bureau of Economics and Business Affairs. They'll be followed by a second panel: Ambassador Dennis Hays, executive vice president, Cuban American National Foundation, Mr. Stephen Weber, president, Maryland Farm Bureau, Ms. Lissa Weinmann, executive director, Americans for Humanitarian Trade with Cuba.

We've called this hearing because the Congress, in recent years, has been debating the issue of trade and commerce with Cuba. And in the year of 2000, we enacted the Trade Sanctions Reform and Export Enhancement Act of 2000, which is a piece of legislation that will allow us to have Cuba purchase food from the United States. After a terrible hurricane caused $1.8 billion in damage and devastated Cuba's crops last November, Cuba began to purchase food from U.S. farmers for the first time in nearly 40 years. As I indicated, that purchase was made available as a result of a change in law by the U.S. Congress in the year 2000.

I and many of my colleagues fought very hard to change the law, believing that we ought not use food as a weapon, believing that it is immoral to use food as a weapon, and, with respect to Cuba and all other countries, that we ought to be able to sell food to those countries, and that prohibiting such a sale really doesn't do anything to hurt those that we are trying to hurt. It only hurts sick, hungry, and poor people around the world. And so the law was changed in 2000.

As I understand it, the Cubans have now purchased something between $75 and $90 million worth of U.S. food. They are required, under current law, to purchase it with cash. They have to run it through a European bank. As I understand it, the Cubans are running it through a French bank in order to purchase U.S. food. I happen to believe we ought to change, as well, and we did it in the Senate, and it went to conference and was dumped out in conference. But we will change that very soon so that they can access banks in this country, as well.

But having said all that, I called this hearing, because, in the context of purchasing U.S. food, Mr. Alvarez, who is the head of a group—an agency in Cuba, called Alimport, which purchases this food for Cuba, had applied for a visa to come to this country and visit some farm states at the invitation of farm organizations. The visa was granted and then subsequently revoked. And I, when I learned of that, tried to understand why it was revoked and was told by the State Department that, "It is not the policy of our country to encourage food sales to Cuba." I find that inexplicable, because the Congress has already spoken to that issue. We believe that we ought to be able to sell food to Cuba. We've changed the law in order to allow that to happen.

I wanted to find out why Mr. Alvarez and several other officials' visas were canceled. I asked Secretary Powell in several letters. I asked him at a hearing. He indicated at the hearing, when I inquired of him, that Mr. Alvarez, on a previous visit to the United States, had essentially made comments that undermined the circumstances of his visit. And I asked for the specifics of that and am led to believe that what Mr. Alvarez did when he came to the United States is suggest that they would like for the Cuba government and Cuban people to be able to buy more food from the United States. Now, I don't happen to think that undermines or threatens our circumstances in this country at all, but apparently some do.

I want to try to understand whether the State Department and/or the Administration is thwarting the will of Congress with respect to food sales to Cuba. It is true we have sold a substantial amount of food to Cuba in recent months. It is also true, it appears to me, that some in the Administration want to make it increasingly more difficult to do so.

I have a letter from the Cuban government describing what they have purchased from the United States recently. They have purchased milling wheat, corn, milled rice, chicken leg quarters, chicken livers, turkey drumsticks, soybean meal, pork lard, fresh eggs, apples, onions. The other requests that are now being considered are durum wheat, wheat flour, wheat pellets, rice, sorghum, oats, barley, alfalfa, canary seed, castor oil seed, and the list is quite endless, actually. It's roughly 240 items.

We have a good many American farmers who need to find a foreign home for their product. We sell that product to China, a communist government. We sell it to Vietnam, a communist government. But we are told somehow that we ought not to encourage sales of food to Cuba. As I indicated, I don't think Fidel Castro has ever missed a meal because of our embargo. I don't believe he missed a meal in 40 years because we couldn't ship U.S. food to

Cuba or they couldn't purchase food from the United States. But I think poor, sick, and hungry people in Cuba are the victims of these policies, and I personally believe that it is immoral to use food as a weapon.

My hope is that, in this hearing, we can find some information about what is happening inside the State Department, whether they believe that what Congress has done in allowing the Cubans to purchase grain and food from this country is something that they should accommodate and should assist in when asked, and also perhaps inquire about whether there is a decisionmaking process that we don't quite understand, but need to. I believe it was the Secretary who indicated that the revocation of the visas of Pedro Alvarez to come to our country, including a trip to North Dakota to buy dried beans and wheat, among other things, was the subject of an interagency task force, so I'd like to understand a little more about that, as well as which agencies are part of the interagency task force.

But we will hear from a number of witnesses today. We appreciate Secretary Reich and Ambassador Donnelly being with us. I have a couple of other comments, but let me call on my colleagues. And, Senator Carnahan, why don't you proceed with an opening statement?

STATEMENT OF HON. JEAN CARNAHAN,
U.S. SENATOR FROM MISSOURI

Senator CARNAHAN. Thank you, Mr. Chairman. Our nation's trade policy with Cuba is extremely important to my state, and I appreciate your leadership on this topic. The Senate has worked hard over the past year to craft a farm bill, and this new law will help the farmers in my state and across the country for years to come.

Missouri ranks second in the Nation in the number of farms. These farmers are desperate for more markets. Some are forming new generation cooperatives to market ethanol, others are finding niche markets for their commodities, but much, much more needs to be done, and our government is standing in the way of a vast new market for Missouri farmers.

Some simple changes to our trade policy with Cuba would greatly expand economic opportunities for Missouri farmers. Since we resumed exporting food to Cuba last year, U.S. farmers have sold more than 500,000 tons of commodities valued at over $100 million, but U.S. law still prohibits private American banks and companies from financing the sale of agricultural goods to Cuba. This severely limits the amount of goods that Cuba can purchase.

Permitting private U.S. firms to finance food sales to Cuba will help Missouri farmers. It would help many other aspects of our rural economy, as well. Rural schools, banks, food processing facilities and other entities that rely on or add value to our agricultural products will benefit.

Mr. Chairman, I am pleased to be a cosponsor of your amendment to the trade bill that would allow private U.S. financing of food sales to Cuba. I was sorry that a similar provision was dropped from the farm bill during conference.

I was also disappointed recently when the State Department refused to issue a visa to the head of the Cuban Food Import Agency. This official had been planning to come to your state, Mr. Chairman, and also to Missouri. The American Farm Bureau said that this action adversely affected U.S. sales of corn, rice, wheat, poultry, and soybeans, all of which are produced in my state. I'm troubled that the Administration would take this action, which is so clearly at odds with the interests of U.S. farmers.

I appreciate you conducting this hearing today, which is drawing attention to this important issue, and I look forward to continuing to work with you and our colleagues from the other body, especially Congresswoman Joanne Emerson, of Missouri, in opening up this valuable foreign market for U.S. agricultural goods.

Thank you.

Senator DORGAN. Senator Carnahan, thank you very much. Next, I'll call on Senator Boxer for an opening statement.

STATEMENT OF HON. BARBARA BOXER, U.S. SENATOR FROM CALIFORNIA

Senator BOXER. Thank you so much, Mr. Chairman. Thank you for your leadership on this important issue.

I have some guests from California. The Chicano–Latino Caucus of the California Democratic Party is here, and they have in their group Cuban–Americans, so we are very happy they're here. They urge us to change this policy.

They passed a resolution. It says, "Whereas, the Constitution of the United States of America guarantees every American certain rights and freedoms; Whereas, the restrictions on American citizens to travel to Cuba is clearly a violation of said constitutional rights and freedoms, and; Whereas, the travel restrictions limit American citizens of Cuban descent the right to travel to Cuba only once per year, regardless of emergencies or unforeseen necessity; Therefore, be it resolved that the California Democratic Party request the U.S. Congress lift the Cuba travel restrictions currently imposed on all United States citizens." And they sent this to Members of Congress.

I'm just very glad that they're here and excited to see them. They've traveled all the way here from California.

Senator Dorgan, again, I want to thank you. You have been clear on this issue. You say we shouldn't use food as a weapon. I couldn't agree with you more. We shouldn't withhold food from people. You make that clear.

And you also make clear that we have a golden opportunity here for our agricultural producers. And I just came back from Cuba just a week before President Carter went, and I met with the various ministers there and Ag people and presented—in this box is just a whole host of products, different types of beans and rice and—we showed them a little cotton, and we showed them our milk, our—this is a low-fat milkman instant low-fat dry milk. I'll tell you, it was, in a way, a little sad to see the reaction. They gathered around this box, Mr. Chairman, as if it was filled with gold. I swear. And they are so anxious to buy our food.

Now, I understand when you say to people like Ambassador Reich, "Well, why can't we lift the travel ban?" One reason is, "Cas-

tro will get the money. He will keep all the money." I mean, I'm not going to get in an argument about that. Castro can't eat all the food. OK? He talks too long at dinner.

[Laughter.]

Senator BOXER. Trust me. The dinner started at 8:30 and ended at 3:30, and, unlike I usually am, I didn't say much. So, yeah, he's not going to eat all the food. And they gathered around this as if it was gold. They want to buy our food. It's so hard for them—we're making it so hard for them to get food for their people. What is the point of that?

And this trip had really very interesting people, musicians, we had the leader and the spokesmen from our poultry industry there, a Republican. We all came to the same conclusion at the end, and that was—it could be well expressed this way, "What are we doing? How does this policy of a travel ban embargo make any sense whatsoever in this day and age?"

Now, maybe it could be explained during the cold war. Sure it could have, when Castro was all over in helping communism spread throughout the world. It's a new day. Communism's dead. It's even dead in Cuba. I hate to say it. It's dead. Castro may think he has communism, but he's got a whole dollar economy going, and I went to the restaurants, and there's all kinds of capitalism over there. So he may think he's leading a communist country. Let me tell you, the people don't. The real people there don't. And they love Americans, and they want to talk to us.

And the irony is members of my group went over to Cubans, and the police were all over them. The police there don't want the Americans talking to the Cubans. There's human-rights violations going on. And they finally figured out how to get away from the police, and they talked to the Cubans, and they're spreading the word about our country, about our system. What is this Administration fearful of, our own people going over there and talking about how wonderful freedom is and democracy is, that our Ag people send over our products and we win over the hearts and minds of the people?

You know, here's the deal, and then I'll conclude. It's one thing to say, "You know, we have a policy that might work," and try it for a period of time. We've done that. We've been there. It doesn't work. It hasn't done anything to hurt Castro. It hasn't done anything to better human rights.

Finally, and this is the point I want to make to you, Mr. Reich, the dissidents want the travel ban over. The people you claim to be helping with your policy want the travel ban over. They want the embargo lifted. These are people who Castro put in jail. These are people who have suffered because they're courageous and they speak out. There are people who are collecting signatures for the petition and the referendums that they want to put on the ballot. So what are we doing having a policy that the dissidents disagree with? Who are we representing, anyway, if not the dissidents in Cuba who want an end to dictatorship?

So I hope, with your leadership, Mr. Chairman, we can bring about some change. I know the Congress wants to. It's a question of whether the Administration wants to. So far it doesn't look too good for our position. But we just keep shining the light of day on

this policy. This policy cannot stand the scrutiny. People have a relative—a sick relative—I have a Cuban–American in here, in the room, that can only go see him every few months. It's a nightmare. We have to change the policy.

Thank you.

Senator DORGAN. Senator Boxer, thank you.

Let me, before I call on Secretary Reich, say that there is no disagreement on Capitol Hill with respect to Fidel Castro. All of us want to bring democracy and greater human rights to Cuba. It is my feeling that the argument that's been made so persuasively that engagement is what causes progress—engagement with China, engagement with Vietnam—it seems to me that argument is persuasive also with respect to Cuba.

Ninety miles south of Florida, there is a nearly $1 billion market for agricultural goods. We, in Congress, fought to allow circumstances by which the embargo would be lifted with respect to the sale of agricultural goods. That has happened, and that's good for American family farmers, it's good for people in Cuba who need that food.

I would just say that at a Cuban hospital, at one point, I sat near the bedside of a young boy that was in a coma. He was hooked to no machines, because they had no machines. The people who ran that hospital told me they were out of 240 different kinds of medicine in that hospital. And the point is, with respect to the use of food and medicine, this country is not representing the best of itself by trying to withhold those kinds of things from people around the world who need them.

The simple question for today's hearing is this. Congress has spoken on the question of whether we want to allow the sale of food to Cuba. The answer is yes. That's now a matter of law. Is the State Department and/or the Administration attempting to thwart that by making it difficult for future sales to take place?

And with that as an operating questions, Ambassador Reich, why don't you proceed, and then we will hear from Ambassador Donnelly.

STATEMENT OF HON. OTTO J. REICH, ASSISTANT SECRETARY OF STATE FOR WESTERN HEMISPHERE AFFAIRS, ACCOMPANIED BY SHAUN E. DONNELLY, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF THE ECONOMIC BUREAU, DEPARTMENT OF STATE

Ambassador REICH. Thank you, Mr. Chairman, Senator Boxer, and Members of the Committee. It's an honor for me to testify today before this Committee of the U.S. Senate regarding the Bush Administration's trade policy toward Cuba. I want to thank the Chairman for giving me this opportunity to testify.

President Bush, yesterday, announced his initiative for a new Cuba. The initiative calls on the Cuban government to undertake political and economic reforms and to conduct free and fair elections next year for the National Assembly. The initiative challenges the Cuban government to open its economy, allow independent trade unions, and end discriminatory practices against Cuban workers. If the Cuban government takes these concrete steps to open up its political and economic system, President Bush will

work with the Congress to ease the ban on trade and travel between the United States and Cuba.

With reform, trade can benefit the Cuban people and allow them to share in the progress of our time. Without major reform, unrestricted trade with Cuba only helps the Castro regime, not the Cuban people. The initiative for a new Cuba also reaches out to the Cuban people immediately by facilitating meaningful humanitarian assistance by American religious and other non-governmental groups by providing direct assistance to the Cuban people through non-governmental organizations, by seeking the resumption of direct-mail service to and from Cuba, and by establishing scholarship funds in the United States for Cuban students and professionals trying to build independent civil institutions and for family members of political prisoners.

The initiative for a new Cuba also states that the United States is not a threat to Cuban sovereignty. The initiative is not the end of the President's policy review, but the beginning of an ongoing, flexible, and responsive campaign designed to generate rapid and peaceful change within Cuba. The initiative is important, because Cuba continues to be ruled by a dictator. The regime has failed to meet the basic needs of the Cuban people and continues to deny them the freedoms of speech and assembly as well as the ability to choose their leaders.

The Committee to Protect Journalists continues to list Cuba as one of the ten worst enemies of the press worldwide, characterizing its actions as a scorched-earth assault in independent journalists. Cuba is the exception to our hemispheric family of democratic nations. It is essential that democratic development, especially through the formation of independent civil society organizations, political parties, and free elections, begin rapidly in order to maximize the prospects for a smooth transition to democracy.

The regime has shown little interest in reforming itself or moving toward a more open or representative government. For this reason, the Administration opposes steps which would have the effect of strengthening the Cuban regime, but the initiative encourages the Cuban government to begin addressing the concerns we share with other nations of the hemisphere.

Central to our policy is the reality of the government of Cuba, which has continued to be hostile to the United States. Cuba remains on the list of state sponsors of terrorism, in part because Cuba harbors fugitives from U.S. justice. Furthermore, the Cuban regime continues to violate human rights and fundamental freedoms. This was amply illustrated by the jailing of Vladimiro Roca in the most repressive of conditions for over 1,700 days simply because he had the courage to call for a national dialog. In fact, the U.N. Commission on Human Rights recently approved a resolution calling on Cuba to make progress in respecting human, civil, and political rights.

As Secretary Powell has noted, a number of events since August 2001 also have contributed to a reevaluation of our policy toward Cuba. First, in the wake of the tragic events of September 11, Cuba's reaction was hostile to U.S. efforts to respond to terrorism. This was clear from Cuban government statements that the war in Afghanistan is, quote, "fascistic and militaristic," unquote, and the

Cuban government minister's remarks—foreign minister's remarks at the U.N. General Assembly, when he accused the United States of intentionally targeting Afghan children for death and Red Cross hospitals in Afghanistan for destruction. Also in September, five agents of the Cuban government were sentenced for conspiring to spy against the United States, including efforts to penetrate U.S. military bases. One of these five also was convicted and sentenced for conspiracy to commit murder.

Further, on September 21, 2001, Ana Belen Montes, a senior analyst in the Defense Intelligence Agency, was arrested for spying for Cuba against the United States. She subsequently entered a guilty plea in March of this year. Spying, Cuba's harboring fugitives from U.S. justice, and its continued violation of human rights and fundamental freedoms combine to demonstrate that Cuba continues to carry out its aggressive policies against the United States and its people.

Moreover, we know that Cuba has a sophisticated biotechnology infrastructure capable of supporting a biological weapons program and has transferred dual-use technology to a number of countries around the world, including those with known or suspected biological weapons programs. These facts underpin our assessment that Cuba has at least a limited developmental biological-weapons research-and-development effort. These incidents clearly reaffirm Cuba's hostility to the United States and the threat it represents to our national security. As a result, Administration policy considers visits by senior Cuban officials at this time to be inappropriate and detrimental to the national interest.

That said, the Administration is open to transforming the relationship. The President's initiative offers a serious alternative, one which we urge the government of Cuba to weigh carefully. Presently, sales of medicine and agricultural commodities to Cuba are, while subject to certain restrictions, legal. Sales of medicine have been legal since the passage of the Cuban Democracy Act of 1992. The government of Cuba, however, has been reluctant to purchase medicine and medical equipment from the United States, at least in part because it finds prices to be too high.

In 1999, President Clinton authorized licensing by Commerce's Bureau of Export Administration, recently renamed the Bureau of Industry and Security, of sales and food and agricultural inputs to independent entities in Cuba, including religious groups, private farmers, and private-sector undertakings such as family restaurants. This measure did not result in significant sales, because the Cuban government opposed it.

The Trade Sanctions Reform and Export Enhancement Act of 2000, TSRA, permitted the Cuban government to purchase, on a cash basis or with financing by third-country financial institutions, agricultural commodities from the United States. Through late 2001, Castro refused to buy, and I quote, "even a grain of rice," unquote, from the United States, and perhaps with good reason.

Cuba is one of the most heavily indebted countries in the world, with an external debt burden of about $3,000 per capita, including ruble debt. As a result of its economic performance, Moody's rates Cuba in its lowest category. Cuba is so bad off that its merchant marine leaves behind a, quote, "trail of unpaid creditors at every

port they visit," unquote, according to an Amsterdam newspaper that also recently observed, quote, "Cuba is practically bankrupt," unquote. No wonder Castro executed a 180-degree policy turn after Hurricane Michelle last November.

Despite the Castro regime's implacable hostility, the Administration has carried out and will continue to carry out its responsibilities under TSRA. Since Cuba decided to make food purchases from the United States, Cuba has made more than $40 million in sales with another $50 million reported to be in progress. Overall, the Administration has licensed more than $1.2 billion worth of agricultural commodities for Cuba since implementation of TSRA in July 2001.

These purchases demonstrate the Cuban regime's strong motivation to complete these sales, particularly taking into account that the Cuban government has chosen to use its very limited foreign-exchange reserves in these transactions. This is one reason for the Administration's policy judgment that marketing visits by Cuban tradeofficials are not necessary to conclude purchases of U.S. agricultural commodities. Applications for visas by Cuban officials are considered on a case-by-case basis at the time of application in accordance with existing law and in light of current policy considerations. The Department of State recognizes that visits to agricultural production facilities to address certain sanitary and phytosanitary issues may be needed so that sales can be completed. Visas have been issued to such personnel in the past, and such visa applications as are received by the U.S. Interests Section will be carefully considered. In addition, representatives of American firms who wish to arrange legally permitted trade can request specific licenses from the Department of Treasury that allow travel-related transactions for a visit to Cuba.

In conclusion, Mr. Chairman, as the President said yesterday quoting Jose Marti, quote, "Barriers of ideas are stronger than barricades of stone," unquote. For the benefit of Cuba's people, it is time for Mr. Castro to cast aside old and failed ideas and to start to think differently about the future. Today could mark a new dawn in the long friendship between our peoples, but only if the Castro regime sees the light.

Thank you, Mr. Chairman.

[The prepared statement of Ambassador Reich follows:]

PREPARED STATEMENT OF OTTO J. REICH, ASSISTANT SECRETARY OF STATE FOR WESTERN HEMISPHERE AFFAIRS ACCOMPANIED BY SHAUN E. DONNELLY, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF THE ECONOMIC BUREAU, DEPARTMENT OF STATE

Mr. Chairman, Members of the Committee, it is an honor for me to testify today before this Committee of the United States Senate regarding the Bush Administration's trade policy toward Cuba. I want to thank the Chairman for giving me this opportunity to testify before this Committee.

President Bush yesterday announced his Initiative for a New Cuba. The Initiative calls on the Cuban government to undertake political and economic reforms, and to conduct free and fair elections next year for the National Assembly. The Initiative challenges the Cuban government to open its economy, allow independent trade unions, and end discriminatory practices against Cuban workers. If the Cuban Government takes these concrete steps to open up its political and economic system, President Bush will work with the Congress to ease the ban on trade and travel between the United States and Cuba.

With reform, trade can benefit the Cuban people and allow them to share in the progress of our time. Without major reform, unrestricted trade with Cuba only helps the Castro regime, not the Cuban people.

The Initiative for a New Cuba also reaches out to the Cuban people immediately by facilitating meaningful humanitarian assistance to the Cuban people by American religious and other nongovernmental groups; by providing direct assistance to the Cuban people through non-governmental organizations; by seeking the resumption of direct mail service to and from Cuba; and by establishing scholarships in the United States for Cuban students and professionals trying to build independent civil institutions and for family members of political prisoners.

The Initiative for a New Cuba also states that the United States is not a threat to Cuban sovereignty.

The Initiative for a New Cuba is not the end of the President's policy review, but the beginning of an ongoing, flexible and responsive campaign designed to generate rapid and peaceful change within Cuba.

The Initiative is important because Cuba continues to be ruled by a dictator. The regime has failed to meet the basic needs of the Cuban people and it continues to deny them the freedoms of speech and assembly as well as the ability to choose their leaders. The Committee to Protect Journalists continues to list Cuba as one of the 10 worst enemies of the press worldwide characterizing its actions as a "scorched earth assault" on independent journalists.

Cuba is the exception to our hemispheric family of democratic nations. It is essential that democratic development, especially through the formation of independent civil society organizations, political parties, and free elections, begin rapidly in order to maximize the prospects for a smooth transition to democracy. The regime has shown little interest in reforming itself, or moving toward a more open or representative government. For this reason, the Administration opposes steps which would have the effect of strengthening the Cuban regime. But the Initiative encourages the Cuban government to begin addressing the concerns we share with other nations of the hemisphere.

Central to our policy, is the reality of the Government of Cuba, which has continued to be hostile to the United States. Cuba remains on the list of state-sponsors of terrorism, in part because Cuba harbors fugitives from U.S. justice. Furthermore, the Cuban regime continues to violate human rights and fundamental freedoms. This was amply illustrated by the jailing of Vladimiro Roca, in the most oppressive of conditions, for over 1,700 days simply because he had the courage to call for a national dialogue. In fact, the U.N. Commission on Human Rights recently approved a resolution calling on Cuba to make progress in respecting human, civil and political rights.

As the Secretary has noted, a number of events since August 2001 also have contributed to a reevaluation of our policy toward Cuba. First, in the wake of the tragic events of September 11, Cuba's reaction was hostile to U.S. efforts to respond to terrorism. This was clear from Cuban government statements that the war in Afghanistan is "fascistic and militaristic" and the Cuban Foreign Minister's remarks at the UN General Assembly, when he accused the United States of intentionally targeting Afghan children for death and Red Cross hospitals in Afghanistan for destruction. Also in September, five agents of the Cuban government were sentenced for conspiring to spy against the United States, including efforts to penetrate U.S. military bases. One of these five also was convicted and sentenced for conspiracy to commit murder. Further, on September 21, 2001, Ana Belen Montes, a senior analyst in the Defense Intelligence Agency, was arrested for spying for Cuba against the United States. She subsequently entered a guilty plea in March 2002.

Spying, Cuba's harboring of fugitives from U.S. justice, and its continued violation of human rights and fundamental freedoms, combine to demonstrate that Cuba continues to carry out its aggressive policies against the United States and its own people. Moreover, we know that Cuba has a sophisticated biotechnology infrastructure capable of supporting a biological weapons program and has transferred dual-use technology to a number of countries around the world, including those with known or suspected biological weapons programs. These facts underpin our assessment that Cuba has at least a limited, developmental biological weapons research and development effort.

These incidents clearly reaffirm Cuba's hostility to the United States and the threat it represents to our national security. As a result, Administration policy considers visits by senior Cuban officials, at this time, to be inappropriate and detrimental to the national interest.

That said, the Administration is open to transforming the relationship. The President's initiative offers a serious alternative, one which we urge the Government of Cuba to weigh carefully.

Presently, sales of medicine and agricultural commodities to Cuba are, while subject to certain restrictions, legal. Sales of medicine have been legal since passage of the Cuban Democracy Act of 1992 (CDA); the Government of Cuba, however, has been reluctant to purchase medicine and medical equipment from the United States at least in part because it finds prices to be too high. In 1999, President Clinton authorized the licensing by Commerce's Bureau of Export Administration of sales of food and agricultural inputs to independent entities in Cuba, including religious groups, private farmers and private sector undertakings such as family restaurants. This measure did not result in significant sales because the Cuban government opposed it.

The Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA) permitted the Cuban government to purchase, on a cash basis or with financing by third-country financial institutions, agricultural commodities from the United States. Through late 2001, Castro refused to buy "even a grain of rice" from the United States. He executed a 180 degree policy turn, however, after Hurricane Michelle last November.

Despite the Castro regime's implacable hostility, the Administration has carried out and will continue to carry out its responsibilities under TSRA. Since Cuba decided to make food purchases from the United States, Cuba has made more than $40 million in sales, with another $50 million reported to be in progress. Overall the Administration has licensed more than $1.2 billion worth of agricultural commodities for Cuba since implementation of TSRA in July 2001. These purchases demonstrate the Cuban regime's strong motivation to complete these sales, particularly taking into account that the Cuban government has chosen to use its very limited foreign exchange reserves in these transactions. This is one reason for the Administration's policy judgment that marketing visits by Cuban trade officials are not necessary to conclude purchases of U.S. agricultural commodities.

Applications for visas by Cuban officials are considered on a case-by-case basis at the time of application in accordance with existing law and in light of current policy considerations. The Department of State recognizes that visits to agricultural production facilities to address certain sanitary and phytosanitary issues may be needed so that sales can be completed. Visas have been issued to such personnel in the past and such visa applications as are received by the U.S. Interests Section will be carefully considered. In addition, representatives of American firms who wish to arrange legally permitted trade can request specific licenses from the Department of Treasury that allow travel-related transactions for visits to Cuba.

In conclusion, as the President said yesterday, quoting Jose Marti, "Barriers of ideas are stronger than barricades of stone." For the benefit of Cuba's people, it is time for Mr. Castro to cast aside old and failed ideas and to start to think differently about the future. Today could mark a new dawn in a long friendship between our people, but only if the Castro regime sees the light."

Thank you Mr. Chairman.

Senator DORGAN. Secretary Reich, thank you very much.

Ambassador Donnelly?

Ambassador DONNELLY. Thank you, Mr. Chairman. I do not have an opening statement. I'm here simply to assist Assistant Secretary Reich in responding to your questions.

Thank you.

Senator DORGAN. Ambassador Donnelly, thank you very much.

Let me begin. First, let me ask if the Ranking Member of the full Committee has a statement. Senator McCain has joined us.

STATEMENT OF HON. JOHN MCCAIN, U.S. SENATOR FROM ARIZONA

Senator MCCAIN. I'll make it part of the record. Thank you, Mr. Chairman.

Senator DORGAN. All right, without objection.

[The prepared statement of Senator McCain follows:]

PREPARED STATEMENT OF HON. JOHN MCCAIN, U.S. SENATOR FROM ARIZONA

Thank you, Senator Dorgan. I would like to commend you for ensuring our Committee's continued dialogue on this important topic. While we may not always agree

on trade-related issues, I believe the Committee greatly benefits from these discussions. I would also like to thank all of our witnesses for appearing before us today.

The timing of this hearing provides a useful opportunity to examine the American trade embargo and the case the President has made and reinforced just yesterday for sustaining the embargo as a way to bring freedom to the Cuban people.

Although I am an ardent proponent of free trade, I have long supported maintaining our trade embargo against Cuba until Fidel Castro grants his people their basic rights. As long as the Cuban government controls nearly all economic activity in Cuba, free trade cannot be the liberalizing force it has been elsewhere.

Unlike China where trade has brought freedoms to its people, trade with Cuba provides the government with a means of maintaining a unique system of control over its people. The Cuban state remains deeply repressive and pervasive in its attempts to control Cuban society. The Cuban government owns nearly all the means of production and siphons off significant revenues from the few businesses it does not own. Greater revenues generated in Cuba from trade would only bolster the state security apparatus. Rather than creating the political and economic space that would encourage greater freedom in Cuba, trade with this state-owned economy would only further empower that government.

As we will hear today, Cuba is also a notoriously bad debtor. Expanded trade and private financing would clearly put American companies and taxpayers at an unnecessary financial risk. Again, the revenues generated by expanded trade with the U.S. would flow principally to the Cuban government, not its people.

This is not a new debate. While I believe that as a world leader we must be globally engaged and commit ourselves to the expansion of free trade, in this case I believe that the risks associated with expanded trade far outweigh the benefits. I understand that this is a divisive issue, and I support the President's position, which stands against oppression and with the Cuban people. I hope that as a result of this hearing, we will all come away with a better understanding of the greater issues involved.

Senator DORGAN. Senator Allen?

STATEMENT OF HON. GEORGE ALLEN, U.S. SENATOR FROM VIRGINIA

Senator ALLEN. I would like to make my statement part of the record, although I'd like to have some prefacing remarks, in that I think President Bush's statement and outline for freedom and independence for the individuals and people in Cuba yesterday was a very strong, principled statement.

The decision as to whether or not to change their policies and allow freedom of expression, the right of the people of Cuba to alter, amend, or abolish their government to make it one which respects their property, their rights and their freedoms is really up to Mr. Castro. The President wisely asked for elections within a year, which I think is a wise move on his part. And, indeed, none of us wants to keep this embargo going, but it's up to the people—or, in fact, up to Fidel Castro as to whether or not they're going to take the steps of reform to allow greater trade and greater opportunities.

And while there will be many people who will say this embargo somehow has impeded Cuba's ability to progress, the reality is it's the dictatorial, tyrannical government in Cuba that is impinging on their opportunities for investment in jobs, because, after all, it is only this country, the United States, that has this sort of an embargo—I'm talking embargo in accepting the food and the medicine. All the European countries, all the other countries in Latin America, the Canadians all have trade with Cuba, but, nevertheless, they're still impoverished. And the President rightly pointed out, in my view, the reason for that is not because of the United States,

really not even because of our embargo, it is because of the rule of Fidel Castro.

And I don't think we should be doing anything to prop up that dictatorship. I think we ought to be pushing as hard as we can for effective, strong ways to allow the people of Cuba to enjoy the fresh breeze and sweet nectar of freedom rather than doing anything to facilitate the continuation of the Castro regime.

So I'll be asking questions, and I'd like to submit a statement for the record, as well.

Senator DORGAN. Senator Allen, thank you. Without objection, your statement will be made part of the record.

[The prepared statement of Senator Allen follows:]

PREPARED STATEMENT OF GEORGE ALLEN, U.S. SENATOR FROM VIRGINIA

Mr. Chairman, thank you for holding this timely hearing to evaluate the existing U.S. trade policy regarding Cuba. Trade is an important tool in our arsenal of weapons to achieve our larger goal: How to free the Cuban people from the tyranny of Castro.

All of us want to help the Cuban people and we all want to encourage the sale of U.S. products, whether it is wheat from North Dakota or peanuts and poultry from the Commonwealth of Virginia, to Cuba.

Regrettably, Mr. Chairman, I believe your proposal to permit the financing of Cuban purchases of U.S. products does neither.

I was fortunate to be at the White House yesterday as President Bush called for the lifting of our trade embargo once the existing tyrannical government on Cuba is replaced by a government that is fully democratic.

If the past is any indication of what will happen if we finance Cuban purchases of U.S. food and medicine, then those products will go first to tourist facilities where Cubans are not permitted (facilities surrounded by signs that say *Solamante turistas*—tourists only), to Castro's security forces, to the Communist Party members and to government dollar stores at inflated prices.

But you don't have to take my word for that Mr. Chairman, this is what has been reported by Pax Christi Netherlands, a Catholic human rights organization and by the Humanitarian Aid Office of the European Union. In fact, Castro has yet to allow the shipment of tons of food that the Catholic Churches in Miami have made available.

Nor will U.S. agricultural interests and other U.S. producers be benefited by permitting the financing of sales to Cuba. Castro buying and paying are not the same thing.

One of the best-kept secrets of our 40-year-old trade embargo with Cuba is that it has saved millions of dollars for U.S. taxpayers. Due to the embargo, there are no U.S. banks in the "Paris Club", a consortium of Cuba creditors. (The Paris Club is currently owed between $10 and $15 billion in debt from Cuba.) Otherwise, U.S. banks now would be hitting U.S. taxpayers to cover their losses in Cuba.

If the U.S. begins to subsidize trade with Cuba—estimated at $100 million a year—five years from now, U.S. taxpayers could be holding, or paying of, a $500 million tab.

Yesterday President Bush outlined a thoughtful U.S. trade policy with Castro. Meaningful reform on Castro's part will be answered with meaningful changes in our trade policy with Cuba.

The key to increased trade with Cuba lies in the hands of Castro. All he has to do is:

- Allow opposition parties to speak freely and organize;
- Allow independent trade unions;
- Free all political prisoners, including Francisco Chaviano, who was arrested and detained in prison for one year, and although a civilian, he was tried by a military tribunal and sentenced to 15 years in prison. He was arrested after government agents broke into his home and confiscated documents revealing human rights abuses in Cuba—specifically, information about the Castro government's sinking of a tug boat that claimed the lives of 41 men, women and children who were attempting to escape to freedom.

- Allow human rights organizations to visit Cuba to ensure that the conditions for free election are being created;
- Allow outside observers to monitor the 2003 elections, and
- End discriminatory practices against Cuban workers.

Mr. Chairman, I hope this hearing will help free the Cuban people from the tyranny of Castro and bring freedom and democracy to the only country in the Western Hemisphere that is not free.

Quiero ver una cuba libre.

Thank you Mr. Chairman.

Senator DORGAN. Ambassador Reich, let me ask whether the Department's policy with respect to food sales is, quote, "not to encourage the sales of food to Cuba." That has been reported—I asked Secretary Powell that same question. As you know, in the year 2000, Congress made a judgment about whether or not we would be able to sell food to Cuba or Cuba would be able to buy food from us. The Congress made the judgment that we wanted that to happen. Is it, in your judgment, the State Department's policy, quote, "not to encourage," unquote, sales of food to Cuba?

Ambassador REICH. Sir, the department doesn't discourage sales of food to Cuba any more than it encourages sales of food to Cuba. The law says that sales of food to Cuba are allowed, and we enforce the law.

Senator DORGAN. But the State Department said—I have a press clipping somewhere where the State Department said it's not—"It's our policy not to encourage food sales to Cuba." That's an important distinction.

Ambassador REICH. Or—right, or discourage. Obviously, the sales are going on.

Senator DORGAN. Well, let me ask about that a bit. As you know, because of the way the law was written—and we're attempting to change that—the Cubans are purchasing American food through a French bank—paying cash through a French bank. And I indicated to you one of the reasons for this hearing is Mr. Alvarez, representing Alimport, wanted to come to this country and was going to visit a number of states, including my state, and purchase some additional wheat, dried beans, and so on, and his visa was approved and then rejected. Would you describe for us the process by which his and other visas were approved and then rejected? Was that simply a mistake?

Ambassador REICH. As Secretary Powell stated, sir, the interagency process had decided to not waive the 1984 law upon which these visas are approved. And so Mr. Alvarez would not have received a visa. Due to a miscommunication between the State Department and the U.S. Interests Section in Havana, some visas were issued to Cuban officials. And once the Interests Section of Havana received the directive or the notification that the visas were not going to be approved, they simply retracted them.

Senator DORGAN. I'm going to come to—let me go back to—because I just received the Dallas Morning News, April 3rd, 2002, "A State Department official said Tuesday that the denials comply strictly with the law and meet a Bush Administration policy of discouraging trade with Cuba." Inaccurate or accurate?

Ambassador REICH. I don't know who that official is, sir.

Senator DORGAN. Well, I'm not asking about who the official was. I'm asking whether what is in the Dallas Morning News is accurate. It says, "a Bush Administration's policy goal of discouraging trade with Cuba." Is that accurate?

Ambassador REICH. Sir, I can only tell what the State Department's position is, not what the Dallas Morning News position is. I do not agree with that characterization of our policy.

Senator DORGAN. All right. Now, coming back to the issue of the visas, tell me how it came to your attention that the visas had been approved by the Interests Section of Havana.

Ambassador REICH. We have a regular meeting to discuss visa applications from Cuba that consist of a number of officials from different agencies. And at one of those, this, as well as a number of other applications——

Senator DORGAN. Is that the interagency process?

Ambassador REICH. Yes.

Senator DORGAN. Uh-huh, and——

Ambassador REICH. And some visas are approved, some visas are disapproved. I'd say since I've been here—I don't know the exact percentage, but I'd guess about 50–50—about 50 percent are approved, 50 percent are disapproved. But don't hold me to the exact percentage. I'm speaking——

Senator DORGAN. Would visas routinely come to that interagency process? Is that what the process is for?

Ambassador REICH. No, the visas don't. The visas are—a visa request is received at the embassy—the U.S. Interests Section in Havana, and the State Department, because of the special case of Cuba, reviews them through an interagency process in Washington and then gives the Interests Section in Havana the direction.

Senator DORGAN. And you discovered visas had been approved, and so then you indicated that these visas should be rejected.

Ambassador REICH. Actually, I was informed that the visas had been approved, but that they should have been denied.

Senator DORGAN. I see. And tell me, now, if you can, Mr. Alvarez was coming to this country to—on a trip to talk to some sellers and to potentially buy some additional food. The history in recent months has been they have purchased a fair amount of food from American farmers—eggs, wheat, corn, and a range of things—so they intended to come up and purchase some additional food. Tell me that basis on which you believe that somehow undermines our interests.

Ambassador REICH. Well, sir, what I said is that we do not believe that Mr. Alvarez's presence in the United States is required for the purchase of that food. And the very fact that three different members mentioned three different amounts of food already sold to Cuba—anywhere from 50 million to 100 million, and I mentioned 40 million with another 50 million already allegedly in the works—I think clearly indicates that the process seems to be working without the physical presence of Mr. Alvarez being required.

Senator DORGAN. But you understand that it's rather common for trade missions to come up and talk to—come to this country, or from our country moved to other countries, to talk to sellers about the products they're interested in purchasing and the availability

of those products. You understand that's routine with respect to international trade, do you not?

Ambassador REICH. It's routine when it comes to countries with which we have normal relations. We do not have normal relations with Cuba, as I pointed out, because of their ongoing hostility and continued undermining of U.S. interests.

Senator DORGAN. Except that the Congress—do you think that these cell phone bells are getting louder and louder?

[Laughter.]

Ambassador REICH. I think they're obnoxious. But that's just my opinion. That's not the State Department's opinion.

[Laughter.]

Senator DORGAN. We've found an area of agreement, Mr. Secretary.

[Laughter.]

Senator DORGAN. Let me—I understand your point. You've simply said, all right, the Congress has said we can sell food to Cuba——

Ambassador REICH. Right.

Senator DORGAN.—but we have no interest in having the Cuban buyer come in and talk to sellers. That seems to suggest what the State Department admitted in this statement, that you're discouraging trade with Cuba. Am I wrong about that?

Ambassador REICH. Sir, that's the Dallas Morning News. The Secretary is—I get my directions from the Secretary of State, not from the Dallas Morning News or anybody else. The Secretary said clearly, we do not encourage, we do not discourage—or at least that's what I have been informed—and we don't. The sales are going forward in spite of what—you know, what reports you may be hearing, and you, yourself, have said that the sales continue.

Senator DORGAN. Can you tell me also——

Ambassador REICH. We encourage sales of food and all of the products all over the world.

Senator DORGAN. Including Cuba.

Ambassador REICH. We encourage sales all over the world. The case of Cuba, as I said earlier, is——

Senator DORGAN. Is different.

Ambassador REICH.—is different, that's right. And only——

Senator DORGAN. That's what I'm trying to get to.

Ambassador REICH. It is different——

Senator DORGAN. Thank you.

Ambassador REICH.—for one thing, as you said, because only recently did the Congress authorize the sale of food to Cuba.

Senator DORGAN. Let me ask—Mr. Alvarez——

Ambassador REICH. It was different for a long time.

Senator DORGAN. It was indicated by Secretary Powell that Mr. Alvarez was allowed to come to this country previously, and he said, quote, "A good part of his time was spent lobbying against policy of the U.S. Government," in addition to whatever else he might have been doing with respect to serving as a purchase agent. Was the Secretary referring to the fact that Mr. Alvarez said that he hoped that perhaps Cuba could purchase some additional food from the United States?

Ambassador REICH. No, sir. I don't believe—first of all, I don't know exactly what the Secretary meant by that, but I can tell you that my information is, from those officials who looked at Mr. Alvarez's application, that he had quite an extensive speaking tour around the United States, speaking to groups. And in the past, Alimport and other Cuban officials have come to the United States to lobby against U.S. policy——

Senator DORGAN. Well——

Ambassador REICH.—something which are not allowed to do in Cuba. And from the standpoint of U.S. foreign policy, we have to take the principle of reciprocity into consideration when we make decisions, and there is no reciprocity in that regard with Cuba. That's one of those areas in which Cuba is different from all of the other countries with which we have normal trading relations.

Senator DORGAN. I would simply observe that when I traveled to Cuba, I certainly lobbied against a series of issues that the Cuban would espouse, and I saw no restriction in doing so. But I think that what happened when Mr. Alvarez visited the United States previously is, he suggested that it would be nice if Cuba could purchase some food from the United States. And somehow somebody felt that selling chicken breasts and turkey legs and wheat and dried beans to Cuba undermines this country's economic interests, and I find that rather Byzantine.

Ambassador REICH. I thought you said that those sales actually took place.

Senator DORGAN. Well, there's been about $75 to $90 million worth of sales taken place, made as difficult as is possible, of course, having the transaction occur through a French bank, but made more difficult, it seems to me, by the antipathy of the State Department and others in saying, "You know, we're not going to make it easy. In fact, if you want to do a buying mission to this country, skip it. We're not going to let you in." It seems to me that there is a discouragement of these policies.

I have a series of other questions I want to ask, but let me call on my colleagues. Senator McCain, let me call on your first. There's a vote occurring, but there's 10 minutes remaining. Let's ask Senator McCain to inquire.

Senator MCCAIN. Thank you, Mr. Reich and Ambassador Donnelly. On a visit—recent visit to Teheran, Castro said that Iran and Cuba together could, quote, "bring America to its knees." Are you familiar with that quote, Mr. Secretary?

Ambassador REICH. Yes, sir.

Senator MCCAIN. And was he referring to anything specific, like late last year, José de la Fuentes, the former director of research at Cuba's Center for Genetic Engineering and Biotechnology, wrote that he was profoundly disturbed about Cuban sales of dual-use technology to Iran. Remember the "axis of evil" that sponsors terrorism. How worried are you about Cuban–Iranian cooperation, particularly in the issue of bio-terrorism?

Ambassador REICH. Well, sir, I think we should be quite concerned. As both Under Secretary of State John Bolton and the Assistant Secretary of State for Intelligence and Research Carl Ford have said—in fact, one—Mr. Ford, before Congress in testimony—and I'll read you—I want to be very careful what I say about

their—the concern we have with Cuba's biochemical capabilities. It says, "U.S. Government experts believe that Cuba has at least a limited offensive biological warfare research-and-development effort and has provided dual-use biotechnology to other rogue states." One of those states may very well be Iran, and it could be that that's what Mr. Castro was referring to when he was in Teheran and made that statement that you correctly quoted. We stand——

Senator MCCAIN. The same——

Ambassador REICH.—we stand by those statements, sir.

Senator MCCAIN. The IRA terrorists who were arrested training the FARC in urban warfare and bomb-making techniques in Colombia had used Cuba as their base of operations. Is that true?

Ambassador REICH. It appears that way. And one of them actually had been stationed in Havana, apparently for at least 5 years.

Senator MCCAIN. Cuba provides a safe haven for Basque ETA terrorists as well as U.S. fugitives from justice?

Ambassador REICH. That is correct.

Senator MCCAIN. In the case of one, he's wanted for murder for 30 years or so.

Ambassador REICH. Yes, sir. There are a number that are wanted for murder. One in New Jersey. I believe on in New Mexico.

Senator MCCAIN. Let's go back to the FARC again, because we see Colombia in such dire straits. What's your view of their assistance and cooperation and—in fact, I believe, in some cases, sending arms or training to the FARC in Colombia?

Ambassador REICH. Well, sir, one of the reasons this Administration and all previous U.S. Administrations have been so concerned about enabling Castro to obtain hard currency is that whenever Castro has had excess currency, he has used it in many cases to undermine U.S. interests and promote terrorism around the world. He has bragged, as recently as last year, that there wasn't a single country in this hemisphere, he says, with the exception of Mexico, and I'm not sure we can believe that one either—he has bragged that he supported what we would call terrorist movements and he calls "wars of national liberation" in every country in this hemisphere.

Senator MCCAIN. Do you have views, particularly in relation to the FARC in Colombia?

Ambassador REICH. With the FARC, there have been longstanding ties; with the ELN, even more close. The ELN is the other Marxist terrorist group in Colombia.

Senator DORGAN. I wonder, would you describe those ties that you just cited to Senator McCain?

Ambassador REICH. Sir, some of that—most of that is classified information. I would be happy to do that—or request that the Bureau of Intelligence and Research give you that information.

Senator MCCAIN. Canada, Japan, and the European Nation have traded with Cuba for decades. Has it had any effect on the human rights situation in Cuba, or can you see any beneficial effect in the daily lives of——

Ambassador REICH. Apparently not.

Senator MCCAIN.—the Cuban people?

Ambassador REICH. Yeah, apparently not, sir. There are no independent civil institutions in Cuba. There's no independent trade

union. There's no newspaper, television station, radio, civic association. And, as you correctly point out, many countries around the world have traded with Cuba for—well, for as long as Castro has been there, which is 43 years.

Senator MCCAIN. I noticed yesterday that the President said that he wanted to reinstate mail service between Cuba and the United States. Why would any nation not want to exchange mail with another country?

Ambassador REICH. Well, I suppose for the same reason that Cuba jams broadcasts of Radio Marti and TV Marti. They do not want—or they don't allow independent newspapers or people——

Senator MCCAIN. But I'm talking about letters.

Ambassador REICH. Letters, because they transmit information, and the government of Cuba is afraid of information.

Senator MCCAIN. Our Interests Section has undertaken an admirable campaign to distribute radios to ordinary Cubans. How has the Cuban government reacted to that?

Ambassador REICH. They have called this "a subversive act" by the United States. They said that radios are—these radios are designed to undermine the control of the government of Cuba.

Senator MCCAIN. By providing Cuban citizens with——

Ambassador REICH. With access to——

Senator MCCAIN.—weapons such as a radio that would overthrow the government.

Ambassador REICH. Correct.

Senator MCCAIN. Well, you've got to have sympathy for those Members of Congress who visit Mr. Castro, I think, Mr. Reich. Those of us who oppose increasing trade with this two-bit dictator and support the President have never been subjected to a four-, five-, 6-hour dinner and lecture from Mr. Castro, and it must be a unique experience, but one that I'm sure I'll never have the privilege of listening to. But it's remarkable—it's remarkable to me. It really is.

Mr. Lenin said that, "The capitalists will hang themselves, and we'll give them the rope—sell them the rope to do it," and I think this is exactly the path that some of my friends, particularly in the farm business, are having us move through.

So the President was very clear in what he—what our policy toward Cuba is. And if you'd like to maybe restate that briefly, in conclusion, I'd be pleased to hear it again.

Ambassador REICH. Yes, sir. The President—if I may paraphrase—the President said that it is not his intention or the intention of the U.S. Government to maintain this embargo. He would like to lift the embargo tomorrow if the conditions existed. And the conditions are the same conditions that exist in every other country—normal country in the world with which we trade, certainly in this hemisphere, of free election, free press, no political prisoners. And the President said that if those conditions existed, he would come to the Congress and work to change the travel ban and the embargo.

Senator MCCAIN. Thank you, Mr. Chairman.

Senator DORGAN. Because there's a vote out in the Senate, the Senate will stand—the Committee will stand in recess for 10 minutes.

[Recess.]

Senator DORGAN. The Subcommittee will come back to order.

Senator Boxer?

Senator BOXER. Thank you so much, Mr. Chairman.

Mr. Reich, I assume you got your information about the biological weapons from the CIA. Is that correct?

Ambassador REICH. No, ma'am. I got it from the State Department statement.

Senator BOXER. The State Department says that they are making biological weapons?

Ambassador REICH. No, that's not what the State Department said. The State Department——

Senator BOXER. Well, what do you think?

Ambassador REICH. Oh, ma'am, that's——

Senator BOXER. Based on what—so the CIA doesn't know anything about this. Is that what you're saying?

Ambassador REICH. Oh, no, no. I didn't say—you asked me if I got my information from the CIA. I said I got it from the statement that both the Assistant Secretary of State for Intelligence and Research, who deals on a daily basis with the intelligence community, not just CIA—DIA, NSA, a number of others——

Senator BOXER. And what exactly did they tell you?

Ambassador REICH. They told me the following, "The U.S. Government—U.S. Government experts believe that Cuba has at least a limited offensive biological warfare research and development effort and has provided dual-use biotechnology to other rogue states."

Senator BOXER. Well, why did Secretary——

Senator DORGAN. Would you yield on that point?

Senator BOXER. Well, I just wanted to follow it up, and then I will.

Secretary Powell, speaking to reporters while traveling to a NATO meeting, said, "The Administration says while Cuba has the ability to produce biological weapons, it stopped short of claiming it has actually done so." So you're saying that they have already distributed it and they're conducting an R&D effort.

Yes, I'll yield to my friend.

Senator DORGAN. Let me just ask the Secretary. This is a May 2002, which is this month, report by the Department of State, Patterns of Global Terrorism 2001. And, under Cuba, it says nothing about this issue. I mean, is it an oversight? This is released this month from the State Department.

Ambassador REICH. Sir, I can tell you that the release of the information that I mentioned was in March of 2002 by the Assistant Secretary of State for Intelligence and Research, and again in May by the Under Secretary of State for Arms Control Science and Technology.

Senator DORGAN. Well, let me just—we're getting off on another subject here, but because you've raised it in your testimony, "A State Department official's five-alarm warning about bio-terrorism"—this is the Washington Times—"in Fidel Castro's Cuba this week was apparently a bolt from the blue at the Pentagon. Pentagon officials said it was a subject that simply had not been in Mr. Rumsfeld's radar screen. He indicated there was no particular urgency about it in the building."

First of all, the State Department has omitted it in a May 2002, which is this month—in a May "Patterns of Global Terrorism," and, second, it appears that the State Department has not visited with the Defense Department about it. Is this—can you tell us the origin of all this?

Ambassador REICH. The origin is the intelligence community. The intelligence community—I've talked to Under Secretary Bolton about this, and his language was not drafted by his office. It was drafted by the intelligence community.

Senator DORGAN. Do you think they'd fail to notify the Defense Department?

Ambassador REICH. Sir, you'll have to ask Secretary Rumsfeld about that.

Senator DORGAN. Yeah, but has the State Department failed to include it in their May 2002 Patterns of Global Terrorism?

Ambassador REICH. I do not know who publishes that particular document.

Senator DORGAN. The State Department.

Ambassador REICH. What part——

Senator DORGAN. Your department does.

Ambassador REICH.—of the State Department?

Senator DORGAN. Well, the United States Department of State. I don't——

Ambassador REICH. Which——

Senator DORGAN. Bureau of Arms Control, I'm told.

Ambassador REICH. That's John Bolton's office, sir. So——

Senator DORGAN. So why would he omit that?

Ambassador REICH. It could very well be that it went to print before. Remember, he made his speech on May——

Senator DORGAN. Well, it's dated May—it's dated May.

Ambassador REICH. Right, but they go to print a long time before, sometimes—sometimes 2 months before. Bolton made his remarks on May the 6th.

Senator DORGAN. Yeah, I think I've made the point. I appreciate your yielding. My point is that this seems to originate mysteriously, but it doesn't appear in the report. State Department's never heard of it, but let me yield back.

Ambassador REICH. Well, what do you mean, "State Department's never heard of it"? You mean Defense Department?

Senator DORGAN. Well, this is the State—no, State Department. This is a State Department publication that we just received on Capitol Hill. It says Patterns——

Ambassador REICH. It's incomplete, though.

Senator DORGAN. It's what?

Ambassador REICH. Incomplete—must be incomplete, because that comes out of the Bureau of Arms Control, which is headed by John Bolton, who is the one who made the speech.

Senator DORGAN. Would you alert him then——

Ambassador REICH. Oh, absolutely.

Senator DORGAN.—that there's something going on that he doesn't include in his report?

Ambassador REICH. He may be watching this right now.

Senator DORGAN. This will be very helpful to him, then, won't it?

Ambassador REICH. Yes.

[Laughter.]

Senator DORGAN. I'm sorry, I'm told it's the Bureau of Counter–Terrorism in which this report originated.

Senator Boxer?

Senator BOXER. Yes. Mr. Reich, let me just be clear with you——

Ambassador REICH. Yes, ma'am.

Senator BOXER.—so you understand my position. When Israel, many years ago, learned that Iraq was developing nuclear power, we all know what they did, and they caught a lot of rage for it. But I think they did the right thing.

You may be surprised to know that I believe if there, in fact, is an active program that you describe, where there's help being given to other nations and their R&D and all of this, I'd go after it in two and a half seconds. I wouldn't just come up here and talk about it. I would make sure that the CIA knew it, because if, in fact, we have those kind of weapons not just 90 miles from our shore, why on earth would the President, knowing this, put our troops in harm's way at Guantanamo right near biological weapons? Why do you think he chose Guantanamo?

Ambassador REICH. I am not qualified to answer that question, because you're talking about——

Senator BOXER. But you're qualified to come up here and to say one of the reasons the President made his speech is because they're developing these weapons, but yet the same President puts our troops in Guantanamo.

Ambassador REICH. Ma'am, I think if the President——

Senator BOXER. You know, it doesn't make any sense. It's garbled. And I think if, in fact, Mr. Chairman, we know that this threat exists 90 miles from our shore, I would take the strongest action, but let me tell you what I wouldn't do. I wouldn't punish the Cuban people by making it hard for them to get food, which I believe this Administration is doing, by keeping them in the dark about what true democracy, which I believe this Administration is doing.

Let me ask you about China. Do you think that China is a communist dictatorship?

Ambassador REICH. Yes, I do.

Senator BOXER. OK. Do you think they have human-rights violations in China?

Ambassador REICH. Yeah, we're very concerned about human right violations.

Senator BOXER. Right, and so are we. Do you support trading with China?

Ambassador REICH. That's another department—another bureau. I——

Senator BOXER. I'm asking your opinion.

Ambassador REICH. My colleague from the——

Senator BOXER. I'm asking your opinion.

Ambassador REICH.—Asian–Pacific Bureau doesn't usually comment on Mexican affairs, so I try to not——

Senator BOXER. Well, you know what? Are you refusing to comment on that?

Ambassador REICH. That's—there are many differences between Cuba and China.

Senator BOXER. Well, let's talk about it.

Ambassador REICH. All right. One of them is the fact that, in China, people are allowed to own private property.

And, by the way, President Bush has been very clear on this. He is in favor of trade with China because there have been—there's been movement on the economic front—not on the political front, and I agree with you that there are violations of human rights, and the State Department Human Rights Report clearly makes that point. And we—and the President has made, even when he went to China.

Senator BOXER. So it's economics that's the driver——

Ambassador REICH. In the case of China——

Senator BOXER.—not human rights, not bio-terror, not all these other things you said.

Ambassador REICH. No, that's not what I said.

Senator BOXER. Well, that's the argument——

Ambassador REICH. What I said is——

Senator BOXER.—you've given me.

Ambassador REICH. What I said is—one half of agricultural production in China is in private hands. You have private property. Chinese are allowed to own their—start businesses and operate businesses. None of this exists in Cuba. In China——

Senator BOXER. It doesn't—we went to restaurants where the people told us that they get to own and operate. Is that——

Ambassador REICH. Right, there are——

Senator BOXER.—incorrect?

Ambassador REICH.—there are 160,000 self-employed people in Cuba out of a——

Senator BOXER. OK, because you said there was nothing.

Ambassador REICH.—population of 11 million.

Senator BOXER. Now you say there's 160,000. Well——

Ambassador REICH. Right, I have——

Senator BOXER.—that's progress. Good, they're moving. Wait until we come in there.

Ambassador REICH. No, they're moving in the wrong direction, because——

Senator BOXER. Oh, OK.

Ambassador REICH.—at one point it was 210,000. Under——

Senator BOXER. OK, they're moving in the wrong direction. And that's the reason why we should stay away and not teach them about capitalism and democracy and freedom and profits and all the things that we would like to talk to them about, because they're moving in the wrong direction.

Ambassador REICH. No, they—believe me, the people of Cuba know about capitalism and democracy. It's Fidel Castro who's keeping them from learning. It's not the United States.

Senator DORGAN. Let me ask the Senator to yield for one additional point.

Senator BOXER. Yes, I will.

Senator DORGAN. Is it not the case that, with respect to China, that it was President Nixon who went to China, and that was the origin of the trade and tourism with China with one of the most repressive regimes on the earth. Mao Tse-tung at that point was running China, a repressive communist government. And over a

long period of time, this country's policies have suggested the engagement is better than non-engagement, that engagement leads to more progress. And I think Senator Boxer is asking the question: Why is that the case with respect to China, a communist country, Vietnam, a communist country, but not with respect to Cuba?

Ambassador REICH. Well, I think in the case of China, the—from what I—you know, from what I understand at the time, there were very good geopolitical reasons for the United States to try to improve relations—political relations with China in order, frankly, to trump the Soviet Union, which was our larger adversary at the time and a more clear and present danger.

So you could make a very good foreign policy argument for dealing with China, just as we allied ourselves with Stalin in World War II, even though he was clearly a murderer, because Adolf Hitler presented a more clear and present danger at that time. So sometimes it's necessary to do business with people you don't particularly like.

You can't make that case in the case of Cuba, because there's no geopolitical or strategic interest for——

Senator BOXER. How about 90 miles from our coast?

Ambassador REICH. What about it?

Senator BOXER. Why wouldn't want to influence a country that's 90 miles off our coast?

Ambassador REICH. Well, we——

Senator BOXER. Where the people there are dying to have us there, where the dissidents say, "You're wrong"—that's what they told us. The dissidents said, in one voice, "We've changed our mind." Don't you respect those dissidents?

Ambassador REICH. Oh, yes, ma'am, I respect those dissidents. I also——

Senator BOXER. Do you support the——

Ambassador REICH. I also talked to them after—once they've left the island, they tell us that what they say on the island they have to say because they're under surveillance, and there's a Cuban law, in fact, that says that if you take a position against the U.S.—I mean, the Cuban government position, you go to jail.

Senator BOXER. Well, the interesting thing is, they've changed their mind on it.

Ambassador REICH. Who's changed their mind?

Senator BOXER. These dissidents that we met with said they never used to believe that, but now they believe that the more light that gets shined onto their country and to them, the better off they are. So obviously, when they had the other position, they weren't treating any differently now. They're treated badly all across the board.

You know, and the difference comes down to what Senator Allen said at the beginning. He strongly supports the policy because he doesn't want to give this dictator, you know, any help. And my view is that if you go down there, and I would encourage you to do so, and meet with the dissidents, the point—they're begging us to come down there. They want to see Americans there, because they know we're going to nose around, we're going to talk to people, we're going to tell them the truth about what's happening.

And so all I could say is, as I look at this—you know, when I went down there, I didn't know what to expect. What I saw was very different, in many ways, because a lot of private capitalists come in from all of our trading partners, as Senator Allen said—Mexico, from Canada, from the EU, and the rest. And as far as that they're still impoverished, you bet. But they've made up $4 billion that they lost from the Soviet Union.

They're just about—I spoke to some musicians there, and we had some very good talks, and they said it was pretty horrible when the Soviet Union pulled out all the money, and it's still not good now, but it's back to where it was at that point because of the capital flowing in from our allies. And they asked us to help them. They want our help.

And this policy's cold. This policy's cold to the people. And that's why I have such a problem with it. And Castro loves it. Castro can harangue for 5 hours about it. And it's the only thing that's keeping his—his, you know, government getting at—any kind of support at all—a common enemy. It was the same thing with Elian.

Ambassador REICH. Well, I'll leave——

Senator BOXER. It was the same thing with Elian.

Ambassador REICH. Yeah.

Senator BOXER. The bottom line is, I think you need to choose, Mr. Reich, between—this is my opinion; I don't think that you will—the dissidents who are there today who are telling us these things and the people who left a long time ago. And if you talk to some of the younger people, they're changing their mind.

And I guess what it comes down to, to me, is—when it came to China, this is what President Bush said, if I can put my hands on it. Here. Here's what he said. He was then Governor of Texas, Senator Allen. This is what he said about the vote on China trade. He said, "This measure will help open markets to American products and help export American values, especially freedom and entrepreneurship."

Unbelievable. No one can tell me how it is intellectually honest—intellectually honest—to take this statement that he made about opening trade with China, "This measure will help open markets to American products and help export American values, especially freedom and entrepreneurship." He didn't say that China was moving to capitalism, Mr. Reich. It's nowhere in these words.

Ambassador REICH. He has addressed——

Senator BOXER. He said exactly what Senator Dorgan and I are saying today. Open up the markets, let them meet our entrepreneurs, let them understand our system, let them hear about what it means to live in freedom, and Castro will be gone. Over and out.

And all these years, giving Castro something to unify around, you know, a policy that doesn't work, that is failed—it's not like this was an idea in a classroom that you put out there. It's an idea that has been practiced here.

So, again, I don't think that your answer on the China—your answer that, well, China was moving to capitalism—(a) I don't believe they've moved any quicker to capitalism at all. From what I can tell, they're still—they control 51 percent of every foreign investment. I've been to China. Fifty 1 percent of every foreign—that's

not capitalism, but we're trading with them in the hopes that they'll understand, in the end, that that's wrong.

Anyway, I would yield.

Senator DORGAN. Senator Boxer, thank you.

Senator Allen?

Senator ALLEN. Thank you, Mr. Chairman. As far as visitors to Cuba, one that I would hope visitors would see, but I don't think most visitors are going to Cuba to see political prisoners. They're going there, I assume, to do other things—maybe recreation, maybe a resort. For example, I wish they would see an individual called Francisco Chaviano Gonzalez, who is in the midst of serving a 15-year sentence because he—and tried under a military tribunal, although he's a civilian—he's serving these 15 years because he had information implicating the Castro government in the sinking of a ship and the deaths of 41 men, women, and children who were trying to flee to freedom.

As far as when people go to Cuba and they go to these luxury hotels, I understand that as far as the hiring—and somebody comes and pays, whether it's in Canadian dollars or U.S. dollars or French francs or euros these days or other currencies—that they have a very unique labor practice there in Cuba. Either Mr. Reich or Ambassador Donnelly, could you share with us or walk us through some of these unique labor practices, as far as what happens to those dollars or—whether they're Canadian, U.S. or euros—and how are those people hired, and what are they—how are they paid?

Ambassador REICH. When a foreign investor or operator—there's very few foreign investors. There's no—very little real investment in Cuba. What the Cuban government does is builds, let's say, a hotel and then gets a foreign operator to run it. The foreign operator needs staff. Let's say they want to hire a cook. It is decided that the salary for the cook will be $400 a month. The foreign operator pays the Cuban government $400 or the equivalent into hard currency of that country.

The Cuban government then turns around—first of all, assigns an individual. The operator doesn't just go out and hire the cook that that hotel operator wants. The Cuban government assigns the cook or the maid or the drivers, whoever it is—and usually, by the way, they are members of the communist party or people who are to be rewarded with these jobs, because they're highly coveted. The government then pays those people in pesos at the official rate, which is also the artificial rate, of one to one—one peso to the dollar, when the real rate is 20 to the dollar. So, in effect, the Cuban government is confiscating 95 percent of the income of that worker, and Castro keeps it for himself. And that is why President Bush said yesterday that trade with Cuba today would only serve to line the pockets of Fidel Castro and his cronies, and that's why he opposes it.

Senator ALLEN. Let me ask you another question further on the issue that President Bush brought up, and that is offering scholarships to Cubans who would want to come to this country to study. The Chinese government, while I don't hold any—for the government of the People's Republic of China, nevertheless, I think that if their citizens had radios from this country, they wouldn't be

upset. They'd probably be manufactured, actually, in China. But, nevertheless, they would allow them to have radios. They do have access to the Internet. Unfortunately, a bit too restrictive, as far as I'm concerned, but people find ways around some of the government regulations. And the People's Republic of China does allow Chinese citizens to come to this country and study in our schools. Many go back to China. Some end up staying here or going elsewhere in the world.

What do you think the Castro government's response will be to that very generous offer to have scholarships for Cuban people to come and study in our universities?

Ambassador REICH. Well, it's hard to predict, but I think it would probably follow the pattern of the past, that he does not allow—he doesn't trust his people, so he only lets people leave who are members of the communist party or are completely trustworthy, and he never lets people travel outside the country with their families, or very seldom with their families. He has turned down even members of his immediate family for scholarships in other countries. One of his nieces was offered a scholarship in Mexico many years ago to study music—I believe it was music—and she could not leave, because they were afraid that she was going to defect.

Senator ALLEN. Let me turn to the Interests Section project, which has received quite a bit of attention lately. The President brought that up, that there are 11,000 very brave, courageous individuals in Cuba who have signed this petition to be able to alter or have at least a statement and a vote, a referendum on free speech and freedom for political prisoners. What is the importance of the signing of that document?

Ambassador REICH. Well, the Cuban constitution allows for the people to come together and present a referendum, a proposal, to the assembly calling for a change in the constitution. They need 10,000 signatures. The project that a dissident by the name of Luis Valdo Piyare has been directing for several years now called Project Valera, named after one of the Cuban patriots for—in the war of independence against Spain, has gathered, we're told, about—actually 17,000 signatures. They turned in 11,000 names, holding some in reserve. After a lot of harassment from the secret police, from the security police, signatures to the referendum were interrogated. In many cases, the signature pages were seized by the government. False challenges were issued. People were visited at their homes and reminded that this could be seen as an anti—as a counter-revolutionary action.

And in spite of that, many thousands of people decided that they were going to exercise their rights—which is why I said earlier the Cuban people know very well what democracy and freedom are. They know very well that they're being denied that by their own government. The organizers turned this document in to the assembly, and I don't think that the Cuban government knows what to do with it now, because it is allowed, even under the constitution. Of course, so are free elections allowed under the constitution, and they haven't had a free election in 43 years. So it'll be interesting to see how the Cuban government reacts to this.

Senator ALLEN. My time's up, Mr. Chairman. Thank you.

Senator DORGAN. Secretary Reich, thank you. The brief that you make against the Cuban government, and, for that matter, the brief that my colleague, Senator McCain, made against the Cuban government, will find no detractors here. That's not the issue. The issue—you could make that brief against other governments with whom we have substantial and aggressive international trade, to whom we send and sell regularly food and other products. So that's not the issue.

The issue today is, for me, is the issue of being able to comport with the desire of Congress to lift that embargo with respect to food. And, as I indicated to you, it seems to me, based on recent events, the State Department recognizes that it must allow certain food to be sold. You will not interfere with that, but you will not do anything to encourage it. In fact, you will do some things to discourage it. Am I wrong about that?

Ambassador REICH. Sir, I don't believe we've done anything to discourage it.

Senator DORGAN. Well, did you consult with any agricultural groups, for example, in this country when you decided that it is not important for a purchaser of U.S. food to be allowed to visit those who would sell food? Did you consult with any agricultural groups before you made that judgment?

Ambassador REICH. Sir, I was a United States Ambassador for 3 years in Venezuela. I got an award from the U.S. Wheat Growers for aggressively restoring 80 percent of the wheat market that had been taken away by an arbitrary political decision by the government of Venezuela. I have been very proud of my record in support of U.S. agricultural exports. You can ask the Washington State Apple and Pear Growers what we did in Venezuela between 1986 and 1989 to have the government of Venezuela allow those imports, which were prohibited when I got there.

So I share your concern about helping U.S. producers sell—to sell. I think our only argument here is, will the American people be paid for what they're selling, or will they be—end up holding the bag for bad purchases?

One thing we haven't talked about—bad credit—one thing we haven't talked about here is that Castro has not paid principal or interest on his debts for the Paris Club since 1986, 16 years. No one will issue him any significant amount of credit. What he wants from the United States, the largest market in the world, is credit so he can turn it around and tell the other people he owes money, "Look, the Americans are lending me money. You should lend me money, too." This is a giant Ponzi scheme that he's running. He wants to borrow money from us so he can pay the other customers that he hasn't paid for 16 years.

I've had, since these sales have—cash sales of agricultural products began to Cuba, I've had two Ambassadors of European countries come to me, of all people, and complain that their exporters in Europe are not being paid by Castro. I said, "Get yourself a better collection agency. That's—we're not in the business of getting you money for your products. You must have made some bad sales to a deadbeat customer."

So that's—I think it's our responsibility as government officials to protect the credit of the United States. And I'm afraid that if we

make credit sales to Cuba, the American taxpayer is going to end up holding the bag, because Castro is not going to pay.

Senator DORGAN. Mr. Reich, no one has suggested that we make credit sales to Cuba, that I'm aware of. You're answering a question I've not asked. I asked a question, originally, about whether the State Department has decided to be an impediment to sales of food to Cuba.

And let me ask you about a statement that you were reported to have made. I know that others have asked you about this. There was a news report that said—quote, "We are not going to be economic suckers to this regime." Mr. Reich, did you say that? And, if so, can you describe—was that said in circumstances that relate to the sale of food to Cuba?

Ambassador REICH. No, sir. That is one of many statements that have been misquoted. What I said was, "We are not going to provide economic succor," s-u-c-c-o-r. And obviously, the reporter who was listening to this either didn't—either had a limited vocabulary, or perhaps the microphone wasn't working properly, and he said we were not going to be "economic suckers." I never said anything about being "economic suckers."

We will trade with countries that are able to pay. We will even provide humanitarian assistance.

And, by the way, in the case of Cuba, with all due respect, the United States is the single-largest provider of humanitarian food and medicine, donations, to Cuba, more than all the other countries combined. So we have nothing to be ashamed of.

Senator DORGAN. Well, Mr. Reich, this hearing is not about being ashamed of anything. The hearing is about whether the policies that we've had allow the unimpeded access for our farmers to Cuban markets. And contrary to the implications of some, I think it's not—it's not something we should be ashamed of, suggesting that that which we produce in such great abundance that the world needs so significantly—that is, food—be provided on a cash basis to those who need it.

Mr. Reich, have you visited Cuba in recent years?

Ambassador REICH. No, sir.

Senator DORGAN. And would you have a notion about how our embargo for 40-some years has affected people in the streets in Cuba, especially with respect to withholding of food shipments to Cuba or food sales to Cuba?

Ambassador REICH. Yes, sir. I agree with President Carter in a statement he made last week, that it is not the U.S. embargo that has caused misery in Cuba, but 43 years of communism.

Senator DORGAN. And do you think the U.S. embargo has injured Fidel Castro?

Ambassador REICH. Yes, I believe it has denied him hard currency that he would have used to undermine our interests around the world.

Senator DORGAN. Well, there's precious—I would say, Mr. Reich, I appreciate your willingness to come and testify—there's precious evidence that 40 years of failure should be considered a success.

And, frankly, my feeling is that the use of—especially the use of food and medicine as a part of our embargo apparatus anywhere in the world is not a moral policy. I don't believe it was smart to

do it with respect to Russia in the dark days of the evil empire. I believe the use of food as a weapon is fundamentally wrong and it lacks a moral base for public policy. But——

Ambassador REICH. I agree with——

Senator DORGAN.—my hope is this, Mr. Reich. The Congress has spoken on one piece of this. The Congress will speak additionally. There is anywhere from 65 to 70 votes in the U.S. Senate believing that, after 40 years of failure, we ought to do something that tries to engage—not with Fidel Castro, but engage with the Cuban people. And my hope is that, with Congress having spoken on this subject of being able to sell food to the Cubans, that we will have the cooperation of the State Department to allow our farmers to do that, and we'll have the cooperation of the State Department if there's a $1 billion market for food 90 miles south of us, and that food will be purchased from Americans who produce it and go to those in Cuba who need it. My hope is that the State Department will accommodate that and be helpful with a set of policies to allow that to happen. That, after all, is the law. It's what the Congress has determined the law should be, and I would hope for cooperation, Mr. Reich, from you and Ambassador Donnelly, in making that kind of policy a success.

Ambassador REICH. We'll certainly follow the law, sir.

Senator DORGAN. Thank you very much for your appearance. Ambassador Donnelly, yes, you had one comment?

Ambassador Donnelly: Thank you, Mr. Chairman. I simply wanted to say that from the perspective of the economic side of the State Department, I think we have, frankly, done a good job of trying to live with the law that the TSRA, the Trade Sanctions and Reform and Export Expansion law of 2000 that you referred to, in the sense of we are doing, as you correctly said, nothing to encourage exports to Cuba. We believe—in fact, the law says—we are not to do anything to assist. We are not doing anything to discourage.

We are giving—the licenses through the Commerce Department for export sales are processed quickly. It's our policy to do them within 9 days—nine working days. I believe there are none currently sitting at the State Department. We do, through the application process, through the OFAC office at Treasury, for officials—I'm sorry, U.S. business people who want to travel to Cuba, they can apply. They are considered promptly and decided on a case-by-case basis. We are prepared to consider applications from technical experts from Cuba in the sanitary/phytosanitary area who need to come to inspect plants, samples and so on like that.

So I think—I mean, the law can be changed in one direction or another, certainly, as you indicated. But as far as the law we've been given, we think and—we're doing what Secretary Powell wants us to do, which is to walk that fine line and neither encourage nor discourage. And if there is evidence that we are discouraging it, I'd certainly like to hear about it and see what we can do about it.

Thank you.

Senator DORGAN. Well, I cited at the start—and I think this hearing helps me with respect to understanding that—I cited the news report that said a State Department official said the denials comply strictly with the law and meet a Bush Administration pol-

icy goal of discouraging trade with Cuba. Ambassador Reich—or Secretary Reich, you have said that is not the case. I appreciate that. That's helpful, because it is not the case that Congress would want a State Department to discourage, especially, the sale of food to Cuba. We explicitly allowed the opening on that embargo for the purpose of being able to sell food to Cuba.

Senator Boxer, did you have one comment?

Senator BOXER. I do. Well, I have——

Senator DORGAN. Well, we have three additional witnesses that I want to get to the table.

Senator BOXER. I know. I have 1 minute's worth of comments.

Senator DORGAN. All right.

Senator BOXER. One, when you said that Castro is running this Ponzi scheme, I thought maybe you talked to the Enron people, because that's what Fitzgerald called what they did, "the biggest Ponzi scheme." So I don't know if he or he didn't, and I don't doubt that he did. It's really up to our business people to make a judgment on whether they want to sell or not.

Second, the common-sense test here, it seems to me, if you're really fair, is to have some consistency. And when President Bush, then Governor Bush, says, "China's done some awful things. We want to get in," I don't see the consistency. It looks strange.

And I also have to say, on the bio-terror front, you really need a meeting with Rumsfeld, because he's got our people in harm's way, if you're right on the point. And our people are guarding the most dangerous people in the world right near some bio-terrorism weaponry? We'd better figure that one out. So I hope you'll get with Rumsfeld on that point.

And on Castro, I totally agree that he doesn't want to let his people out. Why would he? He's a dictator. You know, his people are suffering. Why wouldn't he—he's afraid that they'll defect. He's afraid that they'll talk. But why are we afraid to let our people out of here and into Cuba? It doesn't make sense. We should say, "Go, with God's blessing."

And the last point. I met with those dissidents. We sat for 2 hours. And you say they lied when they said they want to lift the embargo, because they're afraid. First of all, it was a totally private meeting. Second of all, if they're lying—I'll tell you, I'm a good judge of character. I've been around a long time. And I've seen my kids tried to tell me things that weren't true, and so on. I can tell. They were so happy we were there, Mr. Reich. They were so happy to see Americans. They want us there.

So I hope you'll—as we consider the things that you told us today, and we will, I hope you think about what we're saying here, because we're on the same team, the American team, here. We're trying to get the same—the same aim, which is to get rid of a dictator, which is to bring democracy, to help our Ag people, to do all the things that make sense. But, you know, we're talking past each other, and it's frustrating for both of us, and I hope maybe you'll think a little bit about what we said here today.

And I thank you, Mr. Chairman.

Senator DORGAN. Senator Boxer, thank you very much.

Ambassador Donnelly and Secretary Reich, thank you for appearing today.

Ambassador DONNELLY. Thank you, sir.

Ambassador REICH. Thank you.

Senator DORGAN. Next we will call Ambassador Dennis Hays, executive vice president of the Cuban American National Foundation, Mr. Stephen Weber, president of the Maryland Farm Bureau, and Ms. Lissa Weinmann, executive director of Americans for Humanitarian Trade with Cuba.

If we could ask that the room be cleared, and we would ask the three witnesses to be present at the table, please.

Ambassador Hays, why don't you proceed?

STATEMENT OF HON. DENNIS K. HAYS, EXECUTIVE VICE PRESIDENT, CUBAN AMERICAN NATIONAL FOUNDATION

Ambassador HAYS. Thank you, Mr. Chairman. With your permission, Senator, I'd like to submit my statement for the record and make a brief synopsis.

Senator DORGAN. Without objection.

Ambassador HAYS. Listening to the discussion earlier, it seemed to me—I always try to look at maybe where there might be some areas of agreement, and I came up with four. And I'd be happy—if I misstate something, please correct me.

One, I think there's a consensus that Castro is guilty of gross human rights violation, and it is an impediment to progress. Second, I think I heard that it's better if Cuba becomes a functioning democracy, with free speech and freed political prisoners, instead of a dictatorship. Third, it's better if Cuba is prosperous rather than bankrupt. And, fourth, to be prosperous, Cuba must allow private property, independent trade unions, small, medium, and large businesses, and the rule of law. It seems to me if we can agree on all those things, we should be able to maybe kind of move forward and then find some areas of common ground.

Let me use my time, very briefly, to cover a couple of quick points that I hope will explain where the foundation and myself come from.

First off, when we talk about an embargo, it's important to recognize that embargos work differently against different countries. An embargo against a democracy is very different from an embargo against a repressive regime.

In the case of a democracy, you have a population which can feel economic pain and has the ability to reflect that pain upward through a political process, hopefully leading to some modification in behavior.

With respect to a repressive regime, however, there's a disconnect. The pain that the people feel at the local level is not reflected in any meaningful way that can go up and change the policy of that regime. Therefore, embargos against repressive regimes are aimed at denying resources to those regimes, resources that would otherwise be used in areas that we feel are dangerous or harmful, either to others or to the citizens of those countries.

With respect to Cuba, I think, going all the way back to Secretary Dean Rusk and moving forward, the embargo has, in fact, done that job. It has denied resources. It required the Soviet Union to dump over $100 billion into Cuba, $100 billion that might otherwise have been available to the Soviet Union during its final days.

It has caused the Cuban military to drop from over 300,000 to few than 50,000. It has effectively stopped the Cuban navy and the air force as being effective operations, except against unarmed targets, of course. And it has also brought forth—the period of time where Cuba has been in economic extremists has also coincided with the time that it has not been able to support subversive organizations throughout the hemisphere, which also is the time that we've had a flowering of democracy in this hemisphere. Furthermore, the embargo forces, or it pushes toward, reform. Castro, in 1993, said that he was forced to take actions that he would not otherwise, because of the economic necessities of the time.

The only changes that have occurred in Cuba in the past 40 years which have benefited the Cuban people is—the self-employment, the farmers markets, dollarization—have come about in this time period. As soon as the economic pressure was relieved, Castro pulled back. He did not approve small businesses that many of us hoped he would. He's cut back on the number of self-employed and so forth.

There's also a lot of talk about Cuba as a market. I think, as it was discussed a little bit earlier, Cuba is bankrupt. It owes every country that it has ever done business with and, to my understanding, has uncollectible debts. The only nation in the world that does not have uncollectible debts with Cuba is the United States. This is why, at the current time, we see a great push to get the United States engaged in an economic way. Quite frankly, Castro has run out of individuals or countries or companies prepared to loan him money into—to help finance his regime.

The other part that I wanted to cover is that the embargo, by itself, is, at best, half of a policy. It's a policy that promotes the status quo, but not one that promotes a difference. What is needed is the two-prong—and I believe the President has taken a big step forward in this direction. On the one side, we deny resources that would otherwise be used by the regime. But second, we do reach out—and, Senator, I know you have some thoughts on this, and I'd be happy to discuss those—that there are ways to reach out and help the Cuban people directly.

We want to stand with the people who are putting together the independent libraries, the people who are doing the independent journalism, the people who are the political prisoners and their families. That's the future of Cuba, and that's who we need to stand with.

Thank you.

[The prepared statement of Ambassador Hays follows:]

PREPARED STATEMENT OF HON. DENNIS K. HAYS, EXECUTIVE VICE PRESIDENT, CUBAN AMERICAN NATIONAL FOUNDATION

Thank you Mr. Chairman, I appreciate this opportunity to appear before you and the Committee to discuss U.S. trade policy with Cuba.

There are times in foreign affairs when the right thing and the smart thing are the same thing. Through successive Administrations, Republican and Democratic alike, America has stood with the people of Cuba and against a repressive regime that provides neither food nor hope. Where other nations have chosen to compromise their principles and the tenants of good business, we as a people have been steadfast both to our ideals and to common sense. Our trade policy toward Cuba serves to safeguard our national interests, foster reform, and protect the American taxpayer.

In the forty-three years of its existence, the regime of Fidel Castro has gone to extraordinary lengths to crush the human spirit and individual initiative. Even now, in the 21st century, Cuban farmers are told what to plant, Cuban workers in joint ventures have over 95 percent of their wages stolen by the state, and Cubans are forbidden to buy or sell property. And this, of course, concerns only economic restrictions. The political record of the Castro regime is far worse, with the legacy of the revolution a tragic montage of thousands of deaths by firing squad, the denial of medical care to political prisoners, and brutal actions against civilians. Added to this, of course, is the regime's culpability in the execution and premeditated murder of at least thirty American citizens. It is for these reasons that we stand with the people of Cuba and agree with President Bush that before our sanctions are lifted, prisoners of conscience must be freed, free speech, a free press and the right of association must be restored, and Cuba must commit to a path that leads to free and fair multiple party elections.

The purpose of this hearing is to assess U.S. trade policy from an economic perspective. I would thus like to discuss our trade embargo and its impact on both Cuba and the United States, why Cuba under Castro is not an attractive trading partner and what the Cubans hope to accomplish with their current charm offensive. Finally, I would like to note what we can do to hasten the day when Cuba is again a full economic partner of the United States.

The U.S. Embargo Against Cuba

Economic sanctions, when applied appropriately and conscientiously, remain an effective tool of foreign policy. Economic sanctions afford us the ability to fine-tune our response to the provocations of terrorist, criminal, and outlaw states in a firm, but non-military, manner. Sanctions do suffer from one major weakness, however, a persistent expectation that they, by themselves, can solve every problem—be it too high tariffs or the rampages of a bloodthirsty dictator. Such excessive expectations mask the very real successes sanctions have had over the years in denying resources to rogue states and forcing dictators to amend, adapt, or reform their ways.

Like any Marxist economy, Cuba requires unearned external inputs to avoid a constant downward spiral. Unable to generate real economic growth, the regime desperately seeks foreign sources of funds to subsidize its inefficient system. For many years, the Cubans had the Soviets, who pumped money into Cuba at a rate of seven hundred thousand dollars ($700,000) an hour, twenty-four hours a day for almost two decades. When in the early 90's the Soviets were no longer willing or able to continue with this, Castro rejected Gorbachev's advice to adopt market reforms and instead inflicted a 35–60 percent reduction in the average Cuban's (not his own, of course) standard of living. This failure to reform had important results with respect to our national security. Cuba's military has shrunk from the largest in Latin America, with over 300,000 troops, to fewer than 50,000. More strikingly, Cuba's Navy and Air Force have all but ceased to be effective units except against tugboats full of children (Marzo 13) or unarmed Cessnas (Brothers to the Rescue). Cuba's ability to expand its biotech laboratories has been diminished, although the distress sale of advanced technology to other terrorist states is equally troubling. At the same time, Castro's ability to finance and support subversive groups throughout the hemisphere has been greatly restricted and the region has enjoyed an unprecedented decade of democratic reform.

The embargo also does more—it creates pressure for democratic and economic reform. In 1993 Castro had no choice but to legalize the use of dollars and permit direct remittances from relatives in the U.S. in an attempt to capitalize on the concern of Cuban Americans for their starving relatives. In 1994 he authorized "farmers markets" that for the first time gave at least a limited amount of freedom to farmers to grow and sell crops. That same year he slashed the military budget, permitted "self-employment" in a restricted number of fields, relaxed the criteria for family visits, and even restored some selective religious freedoms. For an explanation as to why Castro did these things, you need only listen to his remarks. Castro told his rubber stamp National Assembly, "We are forced to do things we would never otherwise do because of the economic necessities of the times"

The record over the past forty years is clear. Castro reforms when he must, represses when he can. A unilateral lifting of our embargo would give him an undeserved respite, and lead—as it always has in the past—to more rather than fewer restrictions on the Cuban people.

Cuba as a Business Partner

As a place to do business, Cuba consistently ranks at the very bottom of the list. Chad, Burma, and Turkmenistan are all more attractive places to invest. In fact, Cuba ranks 151st out of 154 countries on this year's Index of Economic Freedom,

somehow edging out the likes of Libya and Iraq. There are countries in the world poorer than Cuba, but no nation this side of North Korea works as hard to stifle individual initiative or to minimize the meaningful participation of its citizens in business activity. In Cuba, private property, the sanctity of contracts, free labor unions, and an independent judiciary are all alien concepts.

Foreign corporations that want to do business in Cuba do so on Castro's terms—or not at all. This makes foreign investors complicit in a host of unsavory business practices. Independent labor and human rights' groups ranging from Amnesty International to the International Confederation of Free Trade Unions have documented these abuses exhaustively. Although Cuba has long been a signatory to key U.N. International Labor Organization (ILO) conventions, Castro's regime ignores practically all of them. Foreign businessmen and women are expected to not only comply with rules that deny Cuban workers their rights, but to inform on any worker who complains. Fortunately, international law is catching up with such predatory behavior. Corporations that choose to violate labor and human rights are trading short-term profits for a long-term liability. Aggrieved citizens across the globe are taking companies that collude with corrupt and dictatorial rulers to court—and they are winning. No longer can foreign corporations escape responsibility for their actions by claiming they were in compliance with local law, knowing full and well that such laws were in violation of international standards.

Finally, Cuba is not, under Castro, a great market for the United States. Cuba ranks last in the hemisphere in GDP per capita, below even Haiti. Cuba is in default on practically every loan it has ever taken. Cuba is in default to Russia, to the European Union, to its Latin American neighbors, to South Africa, to the nations of Asia, and to two-thirds of the members of NAFTA. In fact, about the only country in the world without uncollectable debt is the United States. As the International Trade Commission reported last year, "Cuba stopped payment of all its foreign commercial and bilateral official debt with non-socialist countries in 1986. Because U.S. financial institutions were prohibited from financial dealing with Cuba, there was no U.S. exposure to Cuba's foreign debt moratorium." Thanks to our embargo, the American taxpayer has not had to bail out any American business or bank shortsighted enough to ignore the record and take a risk on Castro.

Castro's Charm Offensive

Castro is desperate for new sources of funding. Having run out of credit in Europe, Asia, Africa, Latin America and Canada, Castro has only the United States and Antarctica left as possible sources of new credit. Realizing that no penguin would be so gullible as to loan anything to a deadbeat of his magnitude, Castro has focused on his only remaining hope—us. Thus, we have seen what has come to be known as the "charm offensive."

This offensive has three parts. First, Castro did not formally oppose the placement of terrorists in Guantanamo—although Castro's Attorney General, Juan Escalona, did manage to publicly state that he "hoped the Taliban would escape and kill Americans" before he got the new Party line. Second, Cuba has purchased American agricultural products. It is important to note that the money for these purchases reportedly comes from funds that were supposed to go to the Europeans and others for debt repayment. This is especially ironic, as all agricultural trade other than ours involves heavy subsidies, below market barter arrangements, concessionary financing, and/or debt forgiveness. Now, the pittance these nations expected in payment from Castro is denied them and being used to finance their replacement. Third, Castro has invited everyone he can think of to visit Cuba to take the usual guided tour of the regime's Potemkin Village facilities.

Current Policy

We initially opposed the revision of the law a year and a half ago that permitted the sale of U.S. agricultural products to Cuba on a cash basis. We took this position because Castro has always used food as a means of control. The ration card, it is important to remember, came into mandatory use prior to the imposition of U.S. sanctions. When informed of this change in U.S. policy, Castro at first vowed he would not buy "a single grain of rice." Some months ago, however, he reversed himself and is now purchasing a significant amount of U.S. agricultural products. And, because the law requires it, he pays cash for his purchases. There now is a proposal that this compromise—that has resulted in sales for farmers and protection for the taxpayer—be amended to permit the financing of sales. This would, in effect, move us from getting paid, to accepting Castro's promise to pay. I strongly urge that anyone advocating this change conduct a due diligence review of Cuba's past and current payment history before rushing to judgment.

Moreover, the pattern of Cuba's agricultural purchases can be explained not so much by economics as by politics. Each purchase has been carefully designed by the regime to reward companies or individuals perceived to be sympathetic to Castro's desire to reach deep into America's pocket. In much the same way, regime officials often travel around the United States more for the purpose of propaganda than for business development. The U.S. should distinguish between Cuban technocrats, who may travel to perform necessary inspections, and Castro's agents, sent to sell us an unsavory bill of goods.

Humanitarian Assistance

I would like to take a moment to discuss humanitarian assistance. The largest source of humanitarian aid to Cuba is the United States. Dade County alone probably provides more humanitarian assistance than the rest of the world put together. This is about Cubans in America helping Cubans in Cuba. This occurs because there is confidence the recipient of such assistance is an individual or family, not the Cuban regime. It not only helps people satisfy basic needs, but also empowers them to make economic decisions beyond the power of the state.

The U.S. government licenses significant humanitarian assistance through NGOs and has even offered direct aid on an official level, most recently in response to Hurricane Michelle. The only requirement is that the aid reaches its intended recipients through the Churches and non-governmental organizations.

The Road Ahead

Our embargo on Cuba is a policy tool, not a policy. It is a means to an end. At present our embargo successfully restricts the flow of resources to a recalcitrant regime and exerts constant pressure for reform. It is also a valuable bargaining chip for the day when Cuba chooses or is forced to accept real economic and political reform. Something for something has always been an integral part of our policy. Giving something for nothing, however, is rarely a good idea, either in agricultural sales or in foreign policy. Although some argue that engagement with a repressive regime can foster change, there is no empirical evidence that this has ever happened, in Cuba or elsewhere. Our Canadian, Latin, and European allies no longer even try to make this case.

Embargos are, by definition, defensive in nature. To successfully empower the citizens of a nation to regain control over their own destiny, more is needed. We need to draw on our experience in Eastern Europe, South Africa, and elsewhere and support democracy proponents, human rights activists, independent journalists and economists, and budding entrepreneurs in Cuba. We are always better off trading with a prosperous democracy than with a bankrupt dictatorship. A free, independent Cuba that respects the rights of its citizens, and provides opportunities for private enterprise, is the partner we need. It is in our national interest, and in our common stake in humanity to not settle for anything less. Thank you.

Senator DORGAN. Ambassador Hays, thank you very much.

Next we will hear from Mr. Weber. Mr. Weber represents the Maryland Farm Bureau. Mr. Weber, please proceed.

STATEMENT OF STEPHEN WEBER, PRESIDENT, MARYLAND FARM BUREAU

Mr. WEBER. Thank you, Mr. Chairman. Mr. Chairman, Senator Boxer, I'm a fruit and vegetable grower from Maryland. We appreciate the opportunity to testify on the important of U.S. trade policy with Cuba.

Farm Bureau policy toward Cuba and unilateral sanctions in general is clear. We support immediate resumption of normal trading relations with Cuba. We believe all agricultural products should be exempt from all embargos and unilateral sanctions, except in the case of armed conflict. In short, we strongly agree that food should not be used as a weapon.

U.S. trade policy toward Cuba has demonstrated that more than 40 years of isolationism has failed to produce democratic reform. Of all the countries against which U.S. unilateral sanctions have been

imposed, our experience with Cuba stands out as proof that isolationism does not work.

The most effective means of bringing about democratic reform is engagement. We support engagement with Cuba. Engaging Cuba through export of sales of U.S. food and medicines is necessary for humanitarian, economic, and foreign-policy reasons. Nothing could be more important in a humanitarian's perspective than providing the Cuban people with access to affordable, abundant, high-quality food.

Export sales of U.S. foodstuffs to Cuba have enabled the Cuban government to cut its food cost on these imported items by 30 percent. Significantly reduced shipping costs and the ability of the Cuban government to forego expensive warehousing by buying only what it needs have resulted in lower overall food costs. These factors will enable the caloric intake of the Cuban people to rise, and the nutritional quality of the available food supply in Cuba to increase. We think that this is the policy that our country should continue to support and that efforts should be undertaken to further facilitate such sales.

Economically speaking, American farmers should have the same access to Cuban markets as their foreign competitors. In today's global economy, shutting off the Cuban market to our exports simply means the competitors step in and make the sales.

From a foreign-policy perspective, trade fosters engagement, engagement fosters democratic reform, and we believe that export—when we export food to a nation, we also export our values. Prior to the 1960 embargo, U.S. imports constituted 75 to 80 percent of the total Cuban foreign agriculture purchases. Cuba is a solid market for imports of meat products, dairy, powdered milk and eggs. Sales included corn, wheat, barley, and rice, fruits, and vegetables, soybeans, and soybean meal, and fish and fish products. The United States produces large quantities of each of these commodities and is located less than 100 miles from the Port of Havana. As economic growth accelerates in Cuba and living standards climb, U.S. agriculture exports could be expected to increase, as well. Since November 2001, the Cuban government, through its import company, Alimport, has pledged to purchase $73 million, or 453,000 metric tons, of agricultural products from the U.S. for cash.

The majority of Americans and Members of Congress agree that it is time to reform U.S. policy toward Cuba. The best way to start is through trade. Among the first items to be reformed should be the current restrictions on financing of U.S. food and agricultural exports to Cuba. This prohibition increases the cost of overall export transactions, increases the difficulty of competing the export sales, and takes business away from the U.S. economy, and disadvantages smaller exporters. The prohibition must be repealed.

On the issue of licensing, the procedure under which licenses for export sales to Cuba and other previously sanctioned countries are issued lack transparency and a systematic process for approval. Shortening the process to just 1 day, where possible, is necessary in order for U.S. exporters to compete with their foreign counterparts. We were deeply disappointed last April when visa requests associated with planned meetings between U.S. agriculture representatives and Cuban officials were issued and then subsequently

denied without just cause. Visits of this type are routinely conducted by U.S. officials and U.S. importers and markets that sell to the United States. It is also the practice for foreign purchasing agents and governments' technical teams to travel to the U.S. to meet with U.S. suppliers and tour our facilities.

In conclusions, the Cuban market must remain open for export sales of U.S. food and agriculture commodities. Maintaining our current trade with Cuba and taking steps to lift the restrictions to trade that remain are needed in order to foster democratic reform. The United States has an unprecedented opportunity to promote its values throughout the world through engagement. Reaching out, not withdrawing behind sanctions or embargos is the best way to achieve this change.

Thank you.

[The prepared statement of Mr. Weber follows:]

PREPARED STATEMENT OF STEPHEN WEBER, PRESIDENT, MARYLAND FARM BUREAU

Mr. Chairman, Ranking Member and Members of the Committee, I am Stephen Weber a fruit and vegetable grower from Maryland. The American Farm Bureau Federation (AFBF) appreciates the opportunity to testify on the important issue of the U.S. trade policy with Cuba.

AFBF is the largest agricultural organization in the nation with over 5.1 million member families. Our producer members produce every commodity grown in the United States and Puerto Rico and rely on trade with other nations for more than 30 percent of their farm income.

Farm Bureau policy toward Cuba and unilateral sanctions, in general, is clear: We support immediate resumption of normal trading relations with Cuba. We believe all agricultural products should be exempt from all embargoes and unilateral sanctions except in case of armed conflict. In short, food should not be used as a weapon.

U.S. trade policy toward Cuba has demonstrated that more than forty years of isolationism has failed to produce democratic reform. Of all of the countries against which U.S. unilateral sanctions have been imposed, our experience with Cuba stands out as proof that isolationism does not work. The most effective means for bringing about democratic reform is engagement.

We support engagement with Cuba. Engaging with Cuba, through export sales of U.S. food and medicine, are necessary for humanitarian, economic and foreign policy reasons. From the humanitarian perspective, nothing could be more important than providing the Cuban people with access to affordable, abundant, high quality food.

Export sales of U.S. foodstuffs to Cuba have enabled the Cuban government to cut its food costs by thirty percent. Significantly reduced shipping costs and the ability of the Cuban government to forego expensive warehousing by buying only what it needs, have resulted in lower overall food costs. For some commodities like rice, the per ton cost for Cuba has been cut in half.

U.S. food and agricultural export sales to Cuba result in cost reductions that enable the caloric intake of the Cuban population to rise and the nutritional quality of the available food supply in Cuba to increase. We think that is a policy that our country should continue to support and that efforts should be undertaken to further facilitate such sales.

Economically speaking, American farmers should have equal access to the Cuban market as their foreign competitors. In today's global economy numerous countries compete for foreign agricultural export sales, shutting off the Cuban market to our exports simply means that our competitors step in and supply that market.

U.S. agricultural export sales have remained flat since 1997 due to the Asian financial crisis and the continued high value of the dollar. Access to the Cuban market, valued at nearly $1 billion per year, is important to America's farmers. Market analysts estimate that the U.S. economy is losing up to $1.24 billion annually in agricultural exports because of the embargo against Cuba -and up to $3.6 billion more annually in related economic output. Why should American farmers forego export sales to Cuba when our competitors are allowed to supply that market?

From a foreign policy perspective, trade fosters engagement and engagement fosters democratic reform. Face-to-face contact between American farmers and the

Cuban people will yield positive results. When we export food to a nation, we also export our values.

Allowing unrestricted travel to Cuba would further our nation's foreign policy goals with that country. Enabling Americans to visit freely with their Cuban counterparts promotes the American way of life and the freedoms that we cherish.

In addition, more Americans traveling to Cuba would result in increased demand for high quality U.S. foodstuffs—fruits and vegetables, dairy products, meats and other consumer-oriented goods—that the Cuban hotel industry needs to service its customers.

Agricultural Export Sales to Cuba

Cuba imports around $4 billion in goods per year from countries other than the United States. Agricultural commodities constitute 20–25 percent of this amount—approaching $1 billion in imports. Unfettered access to the Cuban market would benefit U.S. farmers and ranchers. Prior to the 1960's embargo, U.S. imports constituted 75–80 percent of total Cuban foreign agricultural purchases. Restoring trade with the United States would also help the Cuban people to increase their standard of living.

Higher living standards around the world depend upon mutually beneficial trade. We encourage policies that promote rather than retard the growth of trade in Cuba.

According to historical data from the United Nations Foreign Agricultural Organization, Cuba is a solid market for total imports of:

- meat products ($50–$60 million per year),
- dairy, powdered milk and eggs (up to $100 million),
- cereals including corn, wheat, barley and rice (over $300 million),
- fruits and vegetables (up to $75 million),
- other animal feed (over $60 million),
- soybeans/meal/oils (over $100 million) and,
- fish and fish products ($25 million).

The United States produces large quantities of each of these commodities and is located less than 100 miles from the port of Havana. As economic growth accelerates in Cuba and living standards climb, U.S. agricultural exports could be expected to increase as well.

Since November 2001, the Cuban government through its import company Alimport, has pledged to purchase $73 million—or 453 thousand metric tons—of agricultural products from the United States for cash. Delivery dates are now set through June 2002. The commodities pledged or purchased include: corn, rice, wheat, soybeans & products, poultry, vegetable oil, apples, peas, eggs and pork lard.

The commodities contracted for sale to Cuba come from 25 U.S. states: Alabama, Arkansas, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Maryland, Minnesota, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Washington, West Virginia and Wisconsin. Cuba also is interested in Michigan dried beans. Most states will benefit as more items are sold (see below).

Economic Impacts of U.S. Agricultural Exports to Cuba

RANK	STATE	ANNUAL POTENTIAL AGRICULTURAL EXPORTS	ADDITIONAL POTENTIAL ECONOMIC OUTPUT STEMMING FROM NEW AGRICULTURAL EXPORTS
1	Arkansas	$167,263,000	$503,353,000
2	California	$98,119,000	$287,830,000
3	Iowa	$70,634,000	$206,012,000
4	Louisiana	$65,634,000	$187,037,000
5	Texas	$53,857,000	$162,501,000
6	Illinois	$52,939,000	$148,813,000
7	Mississippi	$50,932,000	$154,729,000
8	Minnesota	$45,880,000	$127,903,000
9	Nebraska	$40,843,000	$117,438,000
10	Missouri	$39,826,000	$116,280,000
11	Kansas	$38,770,000	$105,387,000
12	North Dakota	$37,771,000	$96,213,000
13	North Carolina	$31,097,000	$98,818,000
14	Washington	$29,326,000	$80,439,000
15	Indiana	$29,139,000	$82,109,000

Economic Impacts of U.S. Agricultural Exports to Cuba—Continued

RANK	STATE	ANNUAL POTENTIAL AGRICULTURAL EXPORTS	ADDITIONAL POTENTIAL ECONOMIC OUTPUT STEMMING FROM NEW AGRICULTURAL EXPORTS
16	Georgia	$28,743,000	$95,208,000
17	Florida	$28,554,000	$79,220,000
18	South Dakota	$25,998,000	$73,386,000
19	Ohio	$25,085,000	$68,790,000
20	Alabama	$22,382,000	$74,699,000

Source: A report for the Cuba Policy Foundation by C. Parr Rosson and Flynn Adcock, Professors of Agricultural Economics at Texas A&M University, January 2002.

Reform is Needed

The majority of Americans and members of Congress agree that it is time to reform U.S. policy toward Cuba. The best way to start is through trade. Among the first items to reform should be the current restriction on financing of U.S. food and agricultural exports to Cuba.

U.S. law currently prohibits U.S. agricultural exporters wishing to export food and agricultural commodities to Cuba from using U.S. banks or financial institutions to execute the sale, other than to confirm or advise letters of credit that are issued by third country financial institutions. This prohibition increases the cost of the overall export transaction by adding additional banking fees; increases the difficulty of completing the export sale thereby making it more difficult to compete against foreign suppliers; takes business away from the U.S. economy and hands it over to international institutions; and disproportionately disadvantages smaller exporters who may not have international banking relationships.

These third country financing restrictions placed on agricultural export sales prevent U.S. agricultural exporters from developing normal commercial relations with Cuba and are contrary to the spirit of the Trade Sanctions Reform and Export Enhancement Act of 2000 (TSREEA). We support repeal of this provision of U.S. law.

Licensing of Export Sales to Cuba and other Previously Sanctioned Nations

Extreme delays have been experienced with the issuance of licenses authorizing agricultural export sales to Cuba and other previously sanctioned nations, including Libya, Iran and Sudan, under the implementing regulations for TSREEA. In some cases, up to 45 days elapsed before the requested license was issued.

Such delays significantly impact our ability to transact commercial sales with these countries. In many cases, the export sale is lost to our competitors.

The procedures under which these licenses are issued lack transparency and a systematic process for approval. In the short term, efforts should be undertaken to streamline the process to 24 hours or less in cases wherein licenses have previously been issued for sales to the same end users. Shortening the process to just one day, where possible, is necessary in order for U.S. exporters to compete with their foreign counterparts. Ultimately, legislation should be passed to repeal the licensing provisions now mandated under TSREEA.

Denial of visas

In early April, visa requests authorizing the planned meetings between U.S. agricultural representatives and Cuban officials to review U.S. standards and procedures in conjunction with contracted and potential agricultural sales to Cuba were issued and subsequently denied without just cause. As a result, pending agricultural export sales to Cuba were put in jeopardy. Maintaining access to the Cuban market for our products is an important goal for U.S. agriculture.

The purpose of the Cuban travel that was denied included important meetings for Cuban officials to confer with U.S. suppliers, inspect facilities, discuss sanitary and phytosanitary issues and verify U.S. procedures and standards associated with the sale of U.S. food and agricultural exports to Cuba. Visits of this type are routinely conducted by U.S. officials and U.S. importers in markets that sell to the United States. It is also customary practice for foreign purchasing agents and government technical teams to travel to the U.S. to meet with U.S. suppliers and tour facilities.

Two years ago, Congress, backed by the strong support of the U.S. food and agricultural community, opened the Cuban market for our goods by partially lifting nearly 40 years of unilateral sanctions against Cuba. The denial of the visas associated with these commercial visits from Cuban officials was contrary to the spirit of that legislation.

Conclusion

The Cuban market must remain open for export sales of U.S. food and agricultural commodities. American farmers and ranchers are under extreme economic stress from low prices and decreasing world market share. Access to this small but viable market provides a much-needed economic boost to many producers that are now experiencing financial stress.

More importantly, maintaining our current trade with Cuba and taking steps to lift the restrictions to trade that remain, are needed in order to improve our bilateral relationship with Cuba and foster democratic reform.

Unilateral sanctions, like the Cuban embargo, do not work. Such sanctions often result in little or no change in the foreign policy actions of the targeted nation. The experience in Cuba is a testament to this fact.

The United States has an unprecedented opportunity to promote its values throughout the world through engagement. Reaching out, not withdrawing behind sanctions or embargoes, is the best way to achieve change.

Senator DORGAN. Mr. Weber, thank you very much.

Senator Boxer had to leave. There is a briefing with former President Jimmy Carter, as a matter of fact, on this subject, occurring in about 5 minutes, so she is going to that briefing.

She asked that I put in the record for her, which I will do by consent, a statement today from 48 former United States senators, Republicans and Democrats, in which these 48 former U.S. senators sent an open letter to the President and Congress urging normalization of relations with Cuba. And I will, by consent, include this as a part of the record, at the request of Senator Boxer.

[The information referred to follows:]

AN OPEN LETTER REGARDING U.S. POLICY TOWARD CUBA

To President George W. Bush and his Administration and all members of the U.S. House and Senate:

We are a bipartisan group of former U.S. Senators who believe that U.S. policy toward Cuba needs to change. Our present policy was created as a tool to topple the Castro government. Fidel Castro has now been in power 43 years—and we have had ten Presidents during that time. Our current policy has failed.

We are the only nation in the world to have an economic embargo and boycott of Cuba, and the clear lesson of recent history is that if economic sanctions are to be successful, they must have strong international support.

The reality is that the present policy retards the day when the Cuban people will enjoy fuller freedoms and hurts Americans and Cubans economically. Recent studies by Texas A&M and Rice University conclude that economic sanctions cost the American economy upwards of $6 billion in the agricultural and energy sectors alone.

The United States recognizes and trades with several nations that have a human rights record worse than Cuba's. Recently, Secretary of State Colin Powell proposed lifting economic sanctions on Saddam Hussein's Iraq, while keeping sanctions on weapons. If that makes sense for Iraq, it certainly makes sense for Cuba where no other nation agrees with our policy.

We favor normalizing relations with Cuba, while at the same time making clear our support for human rights. These minimal first steps should be taken:

- 1. Lift the travel ban on U.S. visitors to Cuba. Unless there is physical danger for American citizens, we should be permitted to travel anywhere.
- 2. Encourage academic exchanges and other exchanges, so that we can learn as much about Cuba as possible, and they can learn as much about us as possible.
- 3. Lift the barriers to normal trade with Cuba, except for trade that might have military significance
- 4. Repeal laws that cause friction with other nations that carry on normal relations with Cuba.

We look forward to your response.

Sincerely,

James Abourezk (D-SD)
Mark Andrews (R-ND)

Lloyd Bensten (D-TX)
Daniel Brewster (D-MD)
Dale Bumpers (D-AR)
Jocelyn Birch Burdick (D-ND)
Marlow Cook (R-KY)
John C. Culver (D-IA)
Dennis DeConcini (D-AZ)
David Durenberger (R-MN)
Thomas Eagleton (D-MO)
J. James Exon (D-NE)
Sheila Frahm (R-KS)
David H. Gambrell (D-GA)
Jake Garn (R-UT)
Rod Grams (R-MN)
Mike Gravel (D-AK)
Fred R. Harris (D-OK)
Mark O. Hatfield (R-OR)
William Hathaway (D-ME)
Walter "Dee" Huddleston (D-KY)
Roger Jepsen (R-IA)
J. Bennett Johnston (D-LA)
Robert Krueger (D-TX)
Frank R. Lautenberg (D-NJ)
Harlan Mathews (D-TN)
Charles McC. Mathias (R-MD)
Eugene McCarthy (D-MN)
John Melcher (D-MT)
Howard Metzenbaum (D-OH)
Carol Moseley-Braun (D-IL)
Frank E. Moss (D-UT)
Gaylord Nelson (D-WI)
Sam Nunn (D-GA)
Charles Percy (R-IL)
William Proxmire (D-WI)
Donald Riegle, Jr. (D-MI)
James R. Sasser (D-TN)
Richard Schweiker (R-PA)
Paul Simon (D-IL)
Alan Simpson (R-WY)
Robert Stafford (R-VT)
Adlai E. Stevenson (D-IL)
Donald W. Stewart (D-AL)
Steve Symms (R-ID)
Joseph D. Tydings (D-MD)
Malcolm Wallop (R-WY)
Lowell Weicker, Jr. (R-CT)

Senator DORGAN. Ms. Weinmann, I hope I have not been mispronouncing your name.

Ms. WEINMANN. No, you're absolutely correct.

Senator DORGAN. You are the executive director of Americans for Humanitarian Trade with Cuba. Why don't you proceed?

STATEMENT OF LISSA WEINMANN, EXECUTIVE DIRECTOR, AMERICANS FOR HUMANITARIAN TRADE WITH CUBA

Ms. WEINMANN. Thank you very much, and thank you for the opportunity to speak here today.

Americans for Humanitarian Trade with Cuba is a national group of prominent Americans who advocate normal trade of food and medical products between the United States and Cuba. We know such trade would be mutually beneficial to both nations, and we believe our country has a moral obligation to allow the Cuban and American people to enjoy the healthy fruits of such trade.

AHTC was established in January 1998 in response to a series of credible medical reports that showed a correlation between the food and medicine restrictions and health and well being in Cuba. But since that time, we've discovered that there's an equally as important impact here in the United States.

In building AHTC, we tapped into a latent interest that really astounded us. We've grown to encompass 23 individual state councils comprised of members that are farmers, physicians, many Cuban–Americans, mayors, elected officials, and the like. The AHTC Advisory Council includes personalities such as David Rockefeller, former U.S. Trade Representative Carla Hills, President Reagan's former National Security Advisor Frank Carlucci, Paul Volcker, former Assistant Secretary of State, John Whitehead, former Surgeon General, Julius Richmond, Craig Fuller, who was the chief of staff for former Vice President Bush, is our co-chair, along with Sam Gibbons, who, as you probably know, was a 34-year representative from Tampa, Florida. So our group is really comprised of a broad cross-section of the U.S. public that we believe really speaks to the national support for change in policy.

The situation we face is serious. According to numerous polls, the American people overwhelmingly support free trade in food and medicine products. According to numerous votes, the U.S. Senate and House of Representatives support free and unfettered sales. Yet, despite the support, numerous obstacles remain that make food and medical trade inaccessible to most Americans. And I think that's a very important point here.

Yes, sales are occurring with some of the major companies. But for small to medium-sized buyers, the arcane regulations that govern such trade make it an impractical situation for them. Therefore, the regulations, et cetera, are unfair to the vast majority of Americans.

TSRA, the Trade Sanctions Reform and Export Enhancement Act, was meant to end the practice of using food and medicine as tools in any U.S. unilateral embargo. Senator John Ashcroft of Missouri was a lead champion of ours on this issue, as you might recall, and the current allegations about Cuba as a terrorist state might be of some interest to him, because he had quite a vociferous policy about Cuba.

But powerful leaders opposed to humanitarian sales added provisions that weakened the law's ability to move such trade. The number-one obstacle to such trade is continued presence on the U.S. State Department's list of terrorist states—Cuba's presence on that list. Cuba's unjustified presence on the list trivializes the list itself and trivializes the seriousness with which we all view the real terrorist threats that face us today.

Clinging to this false concept is the primary way the Administration can exert its limited power over Cuba policy. And TSRA itself actually says that licenses will still be required for trade with any countries that are on that terrorist list, as of the year 2000. So even if the executive removed Cuba from this list, which we think they should do, there would still need to be an active law to allows such unfettered sales of—unlicenced sales of food and medicine, which we believe should occur.

TSRA prohibited public and private financing for sales to Cuba. We believe that should be available. And the law did nothing to address Helms–Burton's ban on direct financial transactions between the United States and Cuba, which adds a lot of currency costs to companies seeking to do business. Nevertheless, the law was a step forward.

We need to mention that the Administration's regulations regarding TSRA did nothing to loosen up the sales of medical products intended by the law. U.S. medical products companies interested in selling to Cuba still face the 1992 Cuban Democracy Act's unsurmountable licensing hurdles. Thwarting the two-way flow of life-saving medical products is an egregious situation that reflects poorly on the moral authority of the United States. AHTC holds that all restrictions on two-way medical trade should be immediately abolished. But it is the issue of food sales that has drawn the most interest. Despite the difficulties, we know such sales are occurring. U.S. firms have been patient but persistent, and the U.S. Department of Commerce has helped these companies.

As I said, the chief problem really is the Administration's continued casting of Cuba as a terrorist state. As long as Cuba is on the list, as long as licensing is required, sales will be subject to the political winds that blow, and U.S. companies in Cuba will find it difficult to develop stable relationships, since the government can revoke a license at any time and really for any reasons, justifiable or not. There's no accountability there.

Administration threats to examine the sales that have taken place so far to make sure that companies have not been subsidizing such sales are intimidating. A thousand things can impact a price at any particular moment. Our government shouldn't foolishly be wasting time delving into the price of goods, because obviously companies don't want to lose money making these sales.

OFAC is required to issue travel licenses, and this is where a major problem has come up. The granting of licenses for travel is capricious. OFAC officials have an enforcement mentality and a predisposition to say no. OFAC—we don't blame them for this, as they're busy and should be dealing with more important issues. We understand that out of 60 full-time OFAC employees, 20 of them are busy working on the Cuba embargo. OFAC officials should be spending time tracking down al Qaeda, not railroads and shipping lines interested in creating jobs here in the United States by accessing a market that's ostensibly been opened to them by law.

Another problem is the negative tone coming from the Department of State, and I guess we've heard a lot about that. But the denial of visas for Cuban officials coming clearly is an impediment to such trade, as well.

All these problems with the law and the Administration's execution of it unfairly cutoff any potential for small companies and small farmers to do business with Cuba. For more than 40 years, the rest of the country has been paying the price for a policy that serves the narrow self interest of very few individuals. The Mississippi Delta and the whole Gulf Coast region has suffered irreparable damage from severing ties with Cuba, which, before the embargo, was the number-one export market for states like Louisiana, Alabama, and Mississippi. Our members in that region often ask

how many family farms could have been sustained over the years if Cuba had remained open. They say it is time for those folks in Miami to get off their high horse and give the rest of the country a turn in the saddle. And it's time our government step aside and let them on.

Thank you.

[The prepared statement of Ms. Weinmann follows:]

PREPARED STATEMENT OF LISSA WEINMANN, EXECUTIVE DIRECTOR, AMERICANS FOR HUMANITARIAN TRADE WITH CUBA

Mr. Chairman, Ranking Member and Members of the Committee, I am Lissa Weinmann, Executive Director of Americans For Humanitarian Trade With Cuba (AHTC). AHTC is a national group of prominent Americans who advocate normal trade of food and medical products between the U.S. and Cuba. We know such trade would be mutually beneficial to both nations,. We also believe our country has a moral obligation to allow the Cuban and American people to enjoy the healthy fruits of such humanitarian trade. AHTC was established in January 1998 to take action in response to a series of important medical reports that showed the many ways the U.S. food and medicine embargo on Cuba undermines the health of ordinary Cubans. Since then, we've discovered that the embargo also hurts ordinary Americans.

We tapped into a latent interest that astounded us. AHTC has grown to encompass 23 individual state councils, comprised of farmers, physicians, mayors and elected officials, Cuban Americans, religious leaders, ports and companies. The AHTC Advisory Council includes David Rockefeller, former U.S. Trade Representative Carla Hills, President Reagan's National Security Adviser Frank Carlucci, former U.S. Federal Reserve Chair Paul Volcker, former U.S. Surgeon General Julius Richmond, former assistant secretary of State John C. Whitehead, Miami Cuban American leader Silvia Wilhelm, Dwayne Andreas of Archer Daniels Midland, Peter Coors of Coors Brewing Company, Bob Edgar, a former U.S. Representative and current head of the National Council of Churches, Craig Fuller, former chief of staff for Vice President George Bush, Sam Gibbons, a 34-year representative from Tampa, Phil Baum for the National Jewish Congress, film director Francis Ford Coppola, Louisiana Commissioner of Agriculture Bob Odom and many other familiar names, all leaders representing the broad national support for change. We appreciate the opportunity to testify on the important issue of the U.S. trade policy with Cuba.

I am going to be brief and blunt, because the situation we face is serious and deeply effects the very fiber of our democratic process. According to numerous polls, the American people overwhelmingly support free trade in food and medical products to Cuba. According to numerous votes, the U.S. Senate and House of Representatives support free and unfettered sales of food and medical products to Cuba. Despite the support, numerous obstacles remain that make food and medical trade with Cuba inaccessible to the public at large.

The clamor for food sales to Cuba led to passage of an amendment to the 2000 Agricultural Appropriations Bill, since it is impossible to get a fair hearing, a fair vote, anywhere else.

The law I referred to, TSRA, the Trade Sanctions Reform and Export Enhancement Act of 2000, was meant to end the practice of using food and medicine as tools in any U.S. unilateral embargo. A key champion of the law, then Senator John Ashcroft of Missouri (now U.S. Attorney General Ashcroft) explained why he supported humanitarian trade with Cuba at a World Policy Institute conference on the U.S. Economic Impact of Food and Medicine Embargoes: Case Study Cuba, held on June 15, 2000 on Capitol Hill:

> "We've seen the failures over and over again of the attempts to withhold food and medicine as a means of shaping international diplomatic relations and I think it's time for us to understand that there is a better way. It's a way that reflects the kindness and goodness of the American people. It reflects our understanding that people should not be malnourished nor should they be in ill health. It's a kind of understanding that is very likely to make it possible to disagree with other governments and yet to maintain our reputation for what is the goodness of the American people and our humanitarian spirit."

But powerful leaders opposed to such sales added provisions that weakened the law's ability to move such trade. The number one obstacle to free humanitarian trade with Cuba is that nation's continued presence on the U.S. State Departments'

list of terrorist states. Cuba's unjustified presence on the list of terrorist states trivializes the list itself and trivializes the seriousness with which we all view the real terrorist threats our nation faces. Clinging to this false concept is the primary way the Administration—and other well-placed legislative allies of an anachronistic, shrinking and discredited Cuban American right—now exerts its limited power over Cuba policy.

TSRA prohibited public and private financing for sales to Cuba., and as most of you know there is a determined effort now in the Congress to allow such private financing to occur. AHTC holds that private financing should be available for humanitarian sales, especially if a company itself wants to extend its own credit. Even if U.S. law changes to allow private financing, American companies and banks are going to be careful with Cuba. As one corporate representative told me, if American companies want to be stupid and lose money, that should be their right.

The law did nothing to address the ban on direct financial transactions between the U.S. and Cuba, and myriad other small details that make selling to Cuba a full-time job for many a corporate attorney. Nevertheless, the law was a step forward in that it allowed for the opportunity to sell—under license, in fact under several licenses—U.S. produced goods to the Cuban government agencies that do the bulk of the buying in Cuba.

It took the administration four months longer that the law itself mandated to issue regulations governing TSRA, the debate around them was so heated. Ultimately, the Administration interpreted the law narrowly, maintaining a troubling role for the Office of Foreign Assets Control and a lengthy inter-agency review of new licenses.

It is important to highlight the fact that the Administration's regulations did nothing to loosen-up the sales of medical products intended by the law. U.S. medical products companies interested in selling to Cuba still face the 1992 Cuban Democracy Act's insurmountable licensing hurdles. The small to midsize medical companies most interested in such sales do not have the legal counsel necessary to overcome these hurdles, chief among them the end-use verification provision. The medical embargo continues to keep interesting Cuban products out of the U.S. market and the hands of American citizens who might benefit from them. Whether or not Cuba can afford high cost U.S. pharmaceuticals and equipment sidesteps the point. Thwarting the two-way flow of lifesaving medical products does nothing to advance U.S. interests. It is an egregious situation that reflects very poorly on the moral authority of the U.S. AHTC holds that all restrictions on two-way medical trade should be immediately abolished.

But it is the issue of food sales that has drawn the most interest since the geographic proximity of the U.S. to Cuba makes us the natural source of foodstuffs for Cuba. Despite the difficulties, we are pleased that after more than 40 years, there has been more than $90 million in cash sales in just the past few months. Cuba has shown its clear intention to develop these relations, and companies report very favorably on the level of professionalism and goodwill they have encountered in working with their Cuban counterparts. U.S. firms have been patient but persistent in navigating through the approval process and we acknowledge the cooperative spirit under which officials in the U.S. Department of Commerce have helped these companies.

The future of such commerce, amply supported as it is by all sectors of the American public and Congress, is not only thwarted by the limitations of the law itself, as I've pointed out, but imperiled by disturbing trends within the Administration which I will comment on now.

The chief problem is the Administration's continued and unfair casting of Cuba as a terrorist state. As long as Cuba is on the Department of State's terrorist list, licenses will be required. As long as licensing is required, sales will be subject to the political winds that blow and U.S. companies and Cuba will find it difficult to develop stable relationships since the government can revoke a license at any time, and really for any reason, justifiable or not. There is no accountability there.

Administration threats to examine the sales that have taken place so far to make sure that companies have not been 'subsidizing' sales to the Cubans are intimidating. A thousand things can impact a price given at any particular moment. Price takes into consideration developing relationships, level of competition, the quantity of the sales, the need to move product, etc. Generally, customers that pay cash get a reduced rate. The bottom line is that what a company sells for is their own business. Our government shouldn't foolishly be wasting time and valuable manpower delving into something that's none of its business. It's obvious companies don't want to lose money.

TSRA tightened restrictions on Americans' ability to travel to Cuba, and companies interested in humanitarian trade must seek a travel license each time they

wish to go to Cuba. Companies report many problems with OFAC. OFAC must issue travel licenses in connection with sales. The fact is, there is no predictable roadmap to assess business potentials in Cuba. The granting of licenses for travel is capricious. OFAC officials have an enforcement mentality and a predisposition to say no. OFAC personnel do not return calls. And we don't blame them, they are busy and should be busy dealing with more important things. As Treasury Secretary O'Neill said sometime back, he wished he could redirect his personnel in more productive ways. We understand that out of 60 full time OFAC employees, 20 of them are busy working on the Cuba embargo. OFAC officials should be spending time tracking down Al Queda not railroads and shipping lines interested in creating jobs here in the U.S. by accessing a market that has ostensibly been opened to them by an act of law.

Another problem is the negative tone coming from the Department of State, a tone clearly interpreted by companies as meant to dissuade such sales. State Department representatives say in closed meetings that travel is a privilege which our government grants to its citizens, not a right. And denials of visas for Cubans to come meet with their U.S. counterparts also tends to dampen interest in engaging in such sales.

In a letter explaining why the head of Cuba's main importing company was denied a visa to visit business contacts in the U.S., Secretary of State Powell said: "It is the Administration's judgment that marketing visits, such as that proposed for Mr. Alvarez, are not necessary to conclude purchases of U.S. agricultural commodities." With all due respect, we beg to differ.

The ability to travel and communicate between buyer and seller is key to any successful trade. AHTC is concerned by the Administration's pledge to further restrict travel to Cuba This will have a serious negative impact on the necessary ability to travel to Cuba by representatives of the U.S. agricultural community and executives of companies which can legally conduct business with Cuba.

As you know, Senator Dorgan, AHTC is a major sponsor of the second U.S. Agricultural Sales Conference planned for Havana in February, 2003, and we are grateful for your support and pleased that you have agreed to attend if your schedule permits. The first such conference was held earlier this year in Cancun was organized by a number of U.S. State Farm Bureaus, Conway Data Co of Georgia, The GIC Group of Virginia, and Alamar Associates of Washington and brought more than 175 representatives of the U.S. agricultural community together with their Cuban counterparts.

AHTC, which has a license which permits us to authorize people to travel to Cuba for the purpose of assessing the trade potential in agricultural and medical products, plans to offer its license to permit these same people and others to travel to Cuba for the purpose of attending this important event to meet with the appropriate Cuban counterparts and to assess for themselves the potential for trade in agricultural products.

Such communication and personal interaction is crucial if further sales of food and other humanitarian agricultural and medical products are to be sold to Cuba. But we are concerned that the Administration will find some way to block this lawful and useful effort.

The Executive is supposed to execute the laws, not throw up roadblocks. There are obvious differences of opinion within the Administration, and despite the party line, there are conscientious individuals in each agency who try their best to obey the law, and a few who are blinded to their public responsibilities by a personal agenda of anger and hatred. Powerful individuals who thwart food and medical trade should be ashamed of themselves for impeding the law and imperiling lives.

All these problems with the law and with the Administration's execution of it unfairly cut-off any potential for small companies, small farmers to do business with Cuba. That is unfortunate because Cuba could be a very meaningful market for many of these struggling outfits. They do not have or cannot afford the legal guidance necessary to navigate these processes. Some try to do it on their own, but get dissuaded by the red tape.

For more than 40 years the rest of the country has been paying the price for a policy that serves the narrow self interest of very few individuals. The Mississippi Delta and the whole Gulf Coast region has suffered irreparable damage from severing ties with Cuba, which before the embargo was the number one export market for states like Louisiana, Alabama and Mississippi. The state of Texas passed a unanimous state resolution calling for complete lifting of the embargo as a matter of true economic need for companies, ports, and farmers in that state. The Gulf Coast Ports Association also passed a resolution calling for food and medical sales as a needed lifeline to help struggling ports.

Our members in that region often ask how many family farms could have been sustained over the years if Cuba had remained open. They say it is time for those folks in Miami to get off their high horse and give the rest of the country a turn in the saddle. And it's time our government step aside and them on.

Children and families in Cuba and in the United States could benefit so much from free and open commerce in food and medicines—a commerce without the handcuffs placed by policy makers driven by south Florida domestic politics. Our challenging international atmosphere requires American leaders to put personal interest and agendas aside. Only then can we courageously confront the counterproductive policies of the past and steer a brighter path for the next generation. AHTC urges the Congress to take all necessary steps to allow for free travel and the humanitarian trade that will foster between the U.S. and Cuba. Thank you.

Senator DORGAN. Ms. Weinmann, thank you very much.

Mr. Weber, do you view the revocation of visas, for example, for Mr. Alvarez and the officials from Alimport, a method of discouraging the sales of agricultural products from the U.S. to Cuba?

Mr. WEBER. We certainly do.

Senator DORGAN. Is it customary that someone who's going to purchase products would like to visit with the seller and inspect facilities, et cetera? Can you describe that to us?

Mr. WEBER. Well, it is the way business is done. People don't buy things—especially when you're dealing across international lines, you don't buy things that you don't inspect. And we demand this. We need to see things before we buy them, and we would expect that people would want the same thing in return.

Senator DORGAN. Ms. Weinmann, you indicated that here was a study that talked about the health and medical condition of the Cuban people relative to the situation with the food embargo. Can you amplify on that just for a moment, and then I would ask Ambassador Hays to respond to that.

Ms. WEINMANN. The American Association for World Health published a study in 1997, some 400-page study, detailing the difficulty that Cuban firms had accessing U.S. medical products. There was an article in The Lancet, which is the British medical journal, that came to the same conclusion. Numerous groups, such as the American College of Physicians, recognized the situation ad actually called for an end to the policy of thwarting medical sales. So there has been numerous physicians groups and reports on this matter and lots of different delegations of U.S. medical doctors that have gone down and spoken out when they came back.

But, you know, the basic issue is not whether Cuba can afford to buy U.S. medical products, primarily pharmaceuticals, but whether they should have access to them if they can afford to buy them. And rules such as the 20-percent requirement—that any given piece of medical equipment, if it is more than 20-percent U.S. origin, must be licensable—closes off a whole category of equipment to Cuba. And also the financing restrictions make it difficult, because obviously medical equipment and pharmaceutical sales are impacted by that restriction, as well. End-use verification for medical sales—medical companies are actually held legally accountable for an end-use that they might not have any control over. The Small Medical Device Manufacturers Association has spoken out repeatedly about the problems in accessing the Cuban market, even under the licensing that the Administration holds should be allowing such sales to occur.

Senator DORGAN. Ambassador Hays, have you ever farmed?

Ambassador HAYS. Not more than for half an hour or so, sir.

[Laughter.]

Ambassador HAYS. That was plenty. It's hard work.

Senator DORGAN. So the answer is no. If you were a farmer, do you think that you would feel differently about our policies, especially with respect to the use of food as a part of an embargo?

Ambassador HAYS. Sir, I——

Senator DORGAN. And if you felt differently as a farmer, do you think that would be a selfish feeling?

Ambassador HAYS. Sir, I think if I were a farmer, and I worked as hard as I know they do, I would want to be able to sell my product and get paid for it, for one thing. I would not want to enter into an arrangement—if I saw that there was a buyer who had cheated, defrauded, and stolen 15 guys in front of me, and then he comes to me and says he wants to buy my product and he would like me to give him credit, I think I would be well within my rights to insist on some significant collateral before moving——

Senator DORGAN. What if he said he wanted to pay cash?

Ambassador HAYS. Wanted to pay cash? Senator, you know, we opposed the change in the law, but we accept it. And we accept it because we believe that the safeguards, the provisions that are in there which prevent Castro from getting what we think he wants, which is unjustified credit along here—you know, listening in, I mean, I really wish, in Cuba—if we could all agree on a set of facts, I think it would be really useful, if we went back and had a common history, because there's so many things in here that need to be agreed upon, and then maybe some of the solutions would be a lot easier.

You know, Cuba has always been able to purchase medicine from the United States. Single-source medicine was always able to be purchased. After the Cuban Democracy Act of 1992, it was also possible to purchase medicine much more freely. The fact that they don't, I think, comes down to what Fidel Castro has said, which is that our medicine tends to be too expensive for him, that you can buy it in Mexico or Brazil or Spain or someplace else for much cheaper.

With respect to agricultural exports, pre-revolution, the United States did export the vast bulk of commodities to Cuba. We also bought the vast bulk of Cuba's sugar crop. We had——

Senator DORGAN. If you might, just on that point——

Ambassador HAYS. Yes, sir.

Senator DORGAN. Pre-revolution, we were then exporting food to a dictator?

Ambassador HAYS. Yes, sir. Yes, sir. We have this discussion. I—you know, I'm against dictators of left, right, top, down, and all kinds. I don't agree with our China policy. I think we're foolish in a lot of areas. And I don't believe in food as a weapon. And one of the reasons we're concerned with respect to Cuba is because food is used by a—is a weapon. It's used by a weapon by Fidel Castro. The ration card came into use prior to any part of our embargo. It was used as a way to control the population. It's still used as a way to control the population.

Now, as I said, we oppose it, but we accepted the fact that American farmers—and like Ambassador Reich, I spent my diplomatic

career working with American exporters. I believe in American exports. But our future and the future of American farmers is working with prosperous democracies that can pay the bill, not with bankrupt dictatorships.

Senator DORGAN. Just to try to find the end of this thing, that logic would suggest that you would be in favor of using food as a part of an embargo with respect to Cuba, China, Vietnam, and other countries. Is that not the case?

Ambassador HAYS. I think that we have to look very carefully at what food is used for, who it's going to. Is it going to feed people, or is it being used as a method of control.

Senator DORGAN. But I'm asking—traveling with your logic——

Ambassador HAYS. Yes, sir.

Senator DORGAN.—is it not the case that, to be consistent, you would——

Ambassador HAYS. Yes, sir. To be consistent, if food is used as a weapon against the people in order to control them and to deny them their basic rights, then I'm opposed to that. Yes, sir.

Senator DORGAN. And you believe that we should use food as a weapon—well, that we should use food as part of an embargo against all communist countries, don't you?

Ambassador HAYS. Sir, I said, if food is used as a weapon in order to inflict control, as a method of repression, then I, personally, am against it.

Senator DORGAN. But the prelude to that—you set it up by saying that money's fungible, and to the extent that you produce food and send food, you give aid and comfort to a communist government. I'm—I think I understand where the end of that string goes with you.

Ambassador HAYS. OK.

Senator DORGAN. And I appreciate your being candid about it. I mean, that really is a great chasm and a great divide here.

Ambassador HAYS. Yes, sir.

Senator DORGAN. You believe that we ought to—we ought to withhold the shipment of food to communist countries.

Ambassador HAYS. I did not say that, sir.

Senator DORGAN. Well, what did you say?

Ambassador HAYS. I said if a communist regime uses food to deny food to take the control of that food and to determine who gets fed and who does not get fed on a political basis in order to control a population, then I would be opposed to that. Yes, sir. If a government uses that food in a way that is not directly repressive, then I may have other concerns, but I would not take a categorical statement on——

Senator DORGAN. So tell us, Ambassador Hayes, the Cubans have now purchased somewhere between $70 and $90 million of the food for cash from the U.S. farmers in the last months. How has that food been used in Cuba.

Ambassador HAYS. Well, we don't know. There's not a lot of ways to determine this, because Cuba doesn't allow independent observers—the Red Cross, Amnesty International, Human Rights Watch—to come in.

Senator DORGAN. So what do you think? If you don't——

Ambassador HAYS. Senator, I'm in favor of working with the Cuban people. You know, the largest by far—Dade County alone gives more humanitarian aid than the rest of the world put together to Cuba. The Cuban–American community is the lifeline that keeps the Cuban people from starving to death. Cuba is a tropical island. I mean, you know, it's hard—you really have to work to not grow crops in Cuba, but this is something the Castro regime has succeeded in doing.

Senator DORGAN. But what you just described is hard currency going into Cuba from the United States, didn't you?

Ambassador HAYS. Yes, sir.

Senator DORGAN. It's very interesting for me, because it's hard for me to see a distinction between that amount of money that goes each month to support Cuban families in Cuba, coming from the United States, and food that is sold to a Cuban agency to distribute in Cuba. It's hard to see a distinction.

Ambassador HAYS. OK.

Senator DORGAN. But I think I understand what you're saying, Ambassador Hayes, and I appreciate your being candid. I think you are the only one that I've heard that is consistent. You would not engage in the kind of trade our country is engaging in with China, for example.

Ambassador HAYS. I think we have some very shortsighted goals with respect to China, and I do not believe that you have no engagement, just like I do not believe that you have no engagement with Cuba, but I think you have to recognize who you are engaging with and what their goals are. I mean, in China, we have an $87 billion trade deficit. We have a military whose doctrine who calls for fighting a war with us. They're crushing Tibet. I mean, you know, someone, I hope, can explain to me why that's a good thing for the United States and the American people.

Senator DORGAN. Well, you need to take that message to the State Department, then, because, of course, they disagree with you, as does President Bush.

Ambassador HAYS. I no longer work there.

Senator DORGAN. Mr.—I understand that—Mr. Weber, reflect on what Ambassador Hays is saying. I think Ambassador Hays is saying that if you have a government that you don't like or a government that's repressive or a government that is engaged in human rights abuses, if you send food, somehow that gives aid and comfort to the government.

Mr. WEBER. Well——

Senator DORGAN. How does the Farm Bureau feel about that? Are you—is this a case where you farm organization is just softheaded and pro–Castro?

Mr. WEBER. Well, I guess, like—you know, when you have a 40-year history of something that hasn't been effective—you know, it's been very difficult for farmers to change our ways over the years and things we do on our farms. When you have a practice that hasn't worked for 40 years, it's time to stop it. We just don't see where there's been any effect at all.

There's a lot of discussion that—I think we all agree that there ought to be a change in the Cuban government, or we'd all like to see something different there, with more rights for people, and I

think people can talk about the need, but they sure can't talk about this thing has worked. It's just a failed policy.

Senator DORGAN. Well, when our country says to another country, "Look, all right, we're going to slap you around a bit. We don't like your—we don't like your government. And you know what we're going to do? We're going to prohibit you from getting food. We're going to say you can't buy our food." Is that a penalty or a punishment for the government, or does that hurt the people?

Mr. WEBER. It certainly hurts the people who are going to receive the food and the supply of food in that country that we are embargoing, and I certainly know what the effect was in the 1970's when we embargoed Russia. It just took the sales out of a very strong U.S. agricultural market at that time.

Senator DORGAN. Mr. Weber, is there any condition under which you can see that the sale of pork lard, chicken breasts, turkey drumsticks, or dried edible beans undermines the security of this country?

Mr. WEBER. I think in cases of war—if we were in an armed conflict, I think we would just say that—you know, obviously, you're not going to feed your enemy.

Senator DORGAN. Just shut down pork lard and turkey breasts in the case of armed conflict. But I'm not talking about armed conflict now. I'm——

Mr. WEBER. Well, it's hard to see how agricultural products are going to be—you know, the old guns and butter thing—how are they going to turn butter into guns. I don't see it.

Senator DORGAN. Ms. Weinmann?

Ms. WEINMANN. I'd just point out that even under the Geneva Convention, which, of course, the United States is a party to, food and medical products are not to be thwarted to any given civilian population, even in times of war. And the fact is—is that there was just a move last week to allow Iraq to import any goods it wants to from United States companies. There's a list of some, I understand, 300 products or so that will not be available for Iraq to import, but I think it's very inconsistent when we allow such sales and U.S. companies to engage with Iraq and not Cuba.

Senator DORGAN. So it's—I understand that's a question that begs an answer, but it is not going to undermine our interests if we sell chicken livers to Cuba. Would you agree?

Ms. WEINMANN. I would agree that it certainly would advance our interests to do so.

Senator DORGAN. Edible chicken innards? I guess it's hard for me to understand why someone would want to buy that, but it's on the list. Beef entrails, pork loins, deboned pork meat, precooked rice, cereal pellets, cereal gum, rice, sorghum, millet, barley, alfalfa, semi-milled oats, olive oil, castor seed oil, skinless back fat, you know, a rather lengthy list of the sales of agricultural products to Cuba.

Now, I've been in a lot of poor countries around the world, and they all look pretty much the same, regrettably. I've been to a lot of refugee camps, and I've been to countries where there is desperate, gripping, relentless poverty, and you can't tell much about the government in most of those small villages where that poverty exists, but you can sure tell a lot about human misery, and I really

feel strongly that the use of food, in any way, as part of our policy in this country to punish governments ends up hurting people who are poor, sick, and hungry, and I think it does precious little to ever affect the behavior of a foreign government.

I know some of my colleagues seem to suggest that this entire discussion is about whether we support the Castro regime in Cuba. The answer—there is only one answer from this country, and that is no, we don't support the Castro regime. We want to bring democracy to Cuba. The question is, how best can we do that. And my own view is that engagement, especially with respect to the sale of food, makes great sense. And as—I agree with you, Mr. Weber, that at some point after 40 years or so, you ask the question, is this a policy that works? And if not, you ask a second question, what would work better?

And I know, Ambassador Hays, you have testified in a previous hearing that I held on the subject of travel, and that's not the subject of this hearing, but you'll recall you sat at a witness table where, with respect to Cuba—we've people at OFAC, not as many as you suggest, Ms. Weinmann, there are fewer people at OFAC working on this, but there are people there full time today working on finding and punishing American citizens who traveled in Cuba. You sat, Ambassador Hays, next to someone who took his father's ashes back to Cuba because that was his father's last wish, and he was tracked by the Treasury Department.

Ambassador HAYS. And I don't support that in that case.

Senator DORGAN. Right, good for you—and a retired school teacher from Illinois who road a bicycle in Cuba for 8 days responding to a Canadian cycling magazine advertisement for a cycling trip in Cuba. She did. And guess what our Department of the Treasury, OFAC, did to her? They sent her a bill, a civil fine. They said, "You're fined $7,500 because a retired American school teacher cannot bicycle in Cuba." Our policies are counterproductive with respect to that.

But coming especially to the focus of this discussion, the policies with respect to using food as a weapon are foolhardy. They hurt American producers and American family farmers who need access to those markets, No. 1. But, No. 2, and just as important, I believe those policies hurt, as I said, poor, sick, and hungry people in parts of the world, and that is not the best of American public policy.

Ambassador HAYS. Senator?

Senator DORGAN. Yes?

Ambassador HAYS. If I could, sir. Again, there are several levels of this. As I mentioned earlier, the Cuban–American community, or the American community writ large, is, by far, the largest contributor of humanitarian aid to Cuba. There also are a large number of American NGO's who are licensed and deliver humanitarian aid to Cuba. The U.S. Government has offered, on several occasions, I believe, to provide humanitarian aid without cost to the Cuban people, most recently in the wake of the Hurricane Michelle. We also authorized—as, sir, you have clearly stated here, we have now authorized the sale of food to Cuba.

So it seems to me that the remaining question is, simply, is the American farmer going to get paid? And I don't know that we have

a disagreement. I don't know my colleague here doesn't want to get paid. I assume he does.

Senator DORGAN. Well, that's not an issue in the hearing. The Cubans can only purchase for cash at this point.

Ambassador HAYS. Yes, sir.

Senator DORGAN. In fact, they must do the transaction through a French bank. So there is no issue of credit. The Cubans——

Ambassador HAYS. OK, well, great.

Senator DORGAN.—can only purchase food with cash purchases at this moment, so——

Ambassador HAYS. I believe you have an amendment, sir, that would perhaps change that or provide——

Senator DORGAN. No, it would——

Ambassador HAYS. No?

Senator DORGAN.—it would only allow them to conduct the transaction through an American bank. You have to have a bank to convert the currencies, but they now must do it through a European bank, which I think is rather Byzantine.

Mr. Weber, I hope your organization will continue to be aggressive on these issues. And I appreciate the testimony of all three of you.

This is an issue that will not go away. All of us want exactly the same thing. We want to bring more democracy—we want to bring democracy to Cuba, greater human rights to the Cuban people. And I just—my own strong feeling has been, for a long while, that, you know, it's one thing to shoot yourself in the foot. It's quite another thing to take aim before you do it. And with respect to the issue of using food as a weapon, that's exactly what this country has done for far too long.

Let me, again, thank you for your testimony, and this hearing is now adjourned.

[Whereupon, at 4:50 p.m., the hearing was adjourned.]

APPENDIX

PREPARED STATEMENT OF DELVIS FERNANDEZ LEVY, PRESIDENT, CUBAN AMERICAN ALLIANCE EDUCATION FUND, INC.

Mr. Chairman, Senator Byron Dorgan, and distinguished Members of the Senate Committee on Commerce and Transportation thank you for the opportunity to present a statement by the Cuban American Alliance Education Fund (CAAEF) for your deliberations.

CAAEF works within the dynamics of the U.S. Cuban Community in cooperation with more than 40 U.S. based organizations. We strive to put a human face on the ongoing hardships due to the lack of normal relations between the U.S. and Cuba and call for a reassessment of policies that are outside the best interests of the American people and carry undue harm on both Cubans and Americans. Our Council and Board members forge engagements that promote understanding and human compassion between the people of the Republic of Cuba and the United States of America.

For us, Americans of Cuban descent, current policy is both a blessing and a curse. Although only 4 percent of the U.S. Latino community, we have reached unprecedented economic success and political representation in that community and in the U.S. in general. On the negative side, many elements in the policy encourage family divisions and create unbearable situations for both Cubans and Americans.

Under the Cuban Adjustment Act, our privileges extend far beyond what is offered to other exiles or immigrants. Even in post 9/11 times, Cubans reaching U.S. soil, lacking documents or with false papers, have access to a work permit, welfare assistance, U.S. residency, and in due course full citizenship rights. These privileges stand in sharp contrast to the hardships endured by millions of Latin American immigrants; living lives outside legal protection and without political representation. In Hoffman v. NLRB, for example, the Supreme Court ruled that an undocumented immigrant has no right to back pay or salary compensation even if unjustifiably fired from work.

But these privileges also have a sinister side. Once in the U.S., Cuban Americans are restricted to only one visit within a twelve-month period to deal with a family emergency in Cuba. We are also limited as to the amount of and the frequency with which money may be sent to family and loved ones on the island. Parents who abandon dependents in Cuba escape prosecution, but those who do assume parental responsibilities cannot claim income tax deductions generally afforded to other immigrants with dependents in their country of origin.

Today, support for Cuba-policy is fueled more by the perks and turf protection granted to hardliners in the Cuban American enclave of Miami than by what is in the wider interests of all Americans. Federal funded Radio/TV Marti has been granted millions of dollars this year alone, money which is lavished through a patronage system to pro-embargo ideologues, despite the fact that TV Marti is not seen in Cuba and Radio Marti is ignored by 95 percent of the population. U.S. funds also rain on other groups in the Cuban American community, rewarded for the preservation Cold War rhetoric and policies still directed towards Cuba. These rewards foster dependency on Federal funded funds with ensuing corrupting effect on community life, making it unusually difficult for Cuban Americans to speak out against a policy that is in direct contradiction to American principles of free trade and travel.

But despite the barriers, winds of change are now felt at the epicenter of pro-embargo support in Miami. Notwithstanding difficulties, 300 courageous Cuban Americans, last March 28th, together with U.S. representatives and former U.S. ambassadors met in Miami to present arguments that favor engagement policies between Cubans and Americans. This meeting presaged a new era in Cuban-American discourse, where reason gives way to passion and where citizen engagement is offered as an alternative to punishment and isolation.

Americans, most of them from the Cuban American community in South Florida, in quiet defiance to the travel restrictions and threats of fines and jail terms,

150,000 according to estimates from Treasury, traveled to Cuba last year. Richard Newcomb, Director of the Office of Foreign Assets Control acknowledged at a Senate hearing last February that a third of these travelers are in violation of U.S. travel restrictions to Cuba.

In Congress, both houses have voted in favor of permitting unfettered sales of food and medicine as well as extending private financing for sales to Cuba, but their votes were thwarted in back room as a loss to democracy and to the detriment of American farmers.

Other Americans participate in earnest people-to-people engagement. Last year, nearly 200 colleges and universities sent students and professors to Cuba and over 100 Cuban academics participated in conferences. Furthermore, in city and state governments, calls abound for changes in policy. In California, Pennsylvania, Texas, and Illinois resolutions or sister-state relationships have been approved or are being discussed. More than twenty city-to-city relations have taken place since Mobile, Alabama back in 1993 signed a sister-city agreements with Havana; now these relationships span wide areas of the U.S. and reach the full length of Cuba.

With regards to Cuba trade, for the first time in 42 years, Cuba is buying more than $70 million worth of U.S. farm products. However, this trade is severely restricted due to the travel ban along with the prohibition on private or public financing; also the trade is one-way, Cuba is not allowed to sell to the U.S.

Cuba is a key potential market for U.S. exports of rice, chicken, feed grains, soybeans, wheat flour, herbicides, pesticides, farm machinery, etc. But this market is placed outside the reach of small to medium U.S. farmers due to current laws that limit travel and prohibit financing. According to a study in January by the Cuba Policy Foundation, the direct cost of the U.S. embargo to U.S. farmers in terms of lost trade is 1.24 billion dollars annually. Also as a result of trade restrictions, the International Trade Commission found that U.S. producers lose up to $1 billion a year in agricultural trade with Cuba.

According to the head of the Cuban Interests Section in Washington, D.C., Dagoberto Rodriguez, the state of Minnesota alone could expect up to $130 million in trade with Cuba in the first year the embargo was lifted. The U.S. as a whole could anticipate as much as $3.9 billion in trade. Minnesota based Cargill in January shipped to Cuba about 25,000 metric tons of yellow corn grown by Midwest farmers. It was the first of several shipments under a $35 million deal between Cuba, Cargill and other U.S. trading companies within a 3 month period. Today Foreign Investment in Cuba encompasses more than 400 companies from other nations investing more than $5 billion in joint ventures in Cuba.

Cuba-policy must be reassessed in light of U.S. national interests and not on the financial interests of long-term policy beneficiaries. U.S. Foreign policy should be based on hard facts and not on fabrications of ideologues bent on deceiving Congress and the American public. A policy tool placed to exact misery and suffering also promotes hatred as well as damages U.S. credibility in its just fight against terrorism. It is time to listen to voices of reason and opt for respectful engagements based on cooperation for the security and well-being of both Cubans and Americans.

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